

REPORT OF AUDIT
BOROUGH OF WASHINGTON
COUNTY OF WARREN
DECEMBER 31, 2019

BOROUGH OF WASHINGTON, N.J.
YEAR ENDED DECEMBER 31, 2019
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BOROUGH OF WASHINGTON

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2019



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Washington
Washington, New Jersey 07882

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Washington in the County of Warren, as of December 31, 2019 and 2018, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community



Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Washington on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Washington as of December 31, 2019 and 2018, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets as of December 31, 2019 and 2018, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2019 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Washington's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

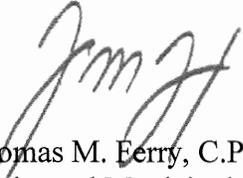
The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable Mayor and
Members of the Borough Council
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020, on our consideration of the Borough of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Washington's internal control over financial reporting and compliance.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Wielkocz & Company, LLC
Wielkocz & Company, LLC
Certified Public Accountants

Newton, New Jersey

September 21, 2020

Borough of Washington, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,934,796.17	3,306,908.07
Change Fund	A-5	325.00	325.00
Due From State of New Jersey:			
Senior Citizen and Veteran Deductions	A-11	7,424.49	6,174.49
		<u>2,942,545.66</u>	<u>3,313,407.56</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	520,053.44	462,384.56
Tax Title Liens Receivable	A-7	889,028.52	858,148.09
Property Acquired for Taxes - Assessed Valuation	A-8	914,500.00	914,500.00
Labor Liens Receivable	A-9	7,825.83	5,509.66
Revenue Accounts Receivable	A-10	4,306.52	5,876.21
Interfund Receivables:			
Animal Control Trust Fund	A-12	3,333.36	-
Sewer Operating Fund	A-12	-	823.06
		<u>2,339,047.67</u>	<u>2,247,241.58</u>
		<u>5,281,593.33</u>	<u>5,560,649.14</u>
Federal and State Grant Fund:			
Cash	A-4	47,643.41	12,959.15
Grants Receivable	A-21	283,139.34	145,026.63
		<u>330,782.75</u>	<u>157,985.78</u>
		<u>5,612,376.08</u>	<u>5,718,634.92</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-13	273,214.64	262,330.66
Encumbered	A-3;A-13	162,271.04	191,941.32
		435,485.68	454,271.98
Interfunds Payable:			
Sewer Utility Operating Fund	A-12	7,766.29	-
Other Trust Fund	A-12	2,433.39	4,082.41
Tax Overpayments	A-14	60,799.14	55,460.09
Accounts Payable	A-14	10,500.00	10,000.00
Reserve for:			
Tree Shade	A-14	500.00	500.00
State Library Aid	A-14	4,443.36	4,388.32
Tax Appeals	A-14	5,902.19	5,902.19
Redemption of Outside Liens	A-14	-	8.00
Sale of Municipal Assets	A-14	9,792.00	9,900.00
Encumbrances - Various Reserves	A-14	242.96	-
Prepaid Taxes	A-15	143,861.91	135,342.17
County Taxes Payable	A-16	1,214.09	2,682.28
Local School District Tax Payable	A-17	718,839.77	669,947.27
Regional High School Taxes Payable	A-18	133,728.18	181,840.16
		1,535,508.96	1,534,324.87
Reserve for Receivables	Contra	2,339,047.67	2,247,241.58
Fund Balance	A-1	1,407,036.70	1,779,082.69
		5,281,593.33	5,560,649.14
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	246,099.62	150,247.60
Unappropriated Reserve for Grants	A-23	4,298.57	2,215.00
Encumbrances Payable	A-24	80,384.56	5,523.18
		330,782.75	157,985.78
		5,612,376.08	5,718,634.92

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	692,562.00	675,000.00
Miscellaneous Revenue Anticipated	A-2	1,920,744.06	1,692,521.08
Receipts from Delinquent Taxes	A-2	468,472.88	535,221.41
Receipts from Current Taxes	A-2	18,502,230.03	18,730,090.26
Non-Budget Revenue	A-2	53,361.68	106,571.62
Other Credits to Income:			
Interfunds Returned	A-12	823.06	0.00
Unexpended Balance of Appropriation Reserves	A-13	224,642.52	190,564.20
Total Revenues and Other Income		<u>21,862,836.23</u>	<u>21,929,968.57</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Operating	A-3	3,124,683.86	3,077,212.00
Deferred Charges and Statutory Expenditures	A-3	248,239.00	231,500.00
Operations - Excluded From CAPS:			
Operating	A-3	3,219,930.81	2,851,063.02
Capital Improvements	A-3	337,000.00	325,000.00
Municipal Debt Service	A-3	1,044,191.13	996,307.80
Refund of Prior Year Revenue	A-4	40,077.41	0.00
Interfund Advances	A-12	3,333.36	823.06
Municipal Open Space Tax	A-12	73,319.14	73,015.75
County Taxes including Added Taxes	A-16	3,037,594.51	3,149,199.76
Local District School Tax	A-17	5,345,608.00	5,252,898.00
Regional High School Tax	A-18	4,868,343.00	4,976,154.00
Special Improvement District Tax	A-19	200,000.00	200,000.00
Total Expenditures		<u>21,542,320.22</u>	<u>21,133,173.39</u>
Excess (Deficit) Revenue Over Expenditures		320,516.01	796,795.18
Statutory Excess to Fund Balance		320,516.01	796,795.18
Fund Balance, January 1,	A	<u>1,779,082.69</u>	<u>1,657,287.51</u>
		2,099,598.70	2,454,082.69
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>692,562.00</u>	<u>675,000.00</u>
Fund Balance, December 31,	A	<u><u>1,407,036.70</u></u>	<u><u>1,779,082.69</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	Appropriated by: <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
Fund Balance Anticipated	A-1	692,562.00	-	692,562.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	5,000.00	-	5,040.00	40.00
Fees and Permits	A-10	216,805.00	-	197,192.02	(19,612.98)
Fines and Costs:					
Municipal Court	A-10	89,000.00	-	69,347.34	(19,652.66)
Interest and Costs on Taxes	A-10	100,000.00	-	119,000.67	19,000.67
Interest on Investments and Deposits	A-10	15,000.00	-	31,965.96	16,965.96
Consolidated Municipal Property Tax Relief Aid	A-10	35,256.00	-	35,256.00	-
Energy Receipts Tax	A-10	558,120.00	-	558,120.00	-
Rental Property Insp Fee		40,000.00	-	-	(40,000.00)
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of Local Government Services:					
Public and Private Revenues:					
Recycling Tonnage Grant	A-21	3,467.19	-	3,467.19	-
Municipal Alliance on Alcoholism and Drug Abuse	A-21	-	21,757.00	21,757.00	-
Green Communities Grant	A-21	-	3,000.00	3,000.00	-
HDSRF - Clean up	A-21	171,375.65	-	171,375.65	-
Clean Communities Grant	A-21	-	15,772.10	15,772.10	-
Risk Control Grant	A-21	2,556.92	-	2,556.92	-
Highlands Council - Initial Assessment Grant	A-21	-	12,000.00	12,000.00	-
Other Special Items:					
Shared Service Animal Shelter	A-10	60,000.00	-	60,667.02	667.02
Cable TV Gross Receipts	A-10	21,000.00	-	21,326.19	326.19
Animal Shelter		5,500.00	-	-	(5,500.00)
Reserve for Sale of Municipal Assets	A-14	9,900.00	-	9,900.00	-
Reserve for Shade Tree		500.00	-	-	(500.00)
Sale of Municipal Assets	A-10	12,000.00	-	12,000.00	-
Sewer Operating Surplus	A-10	571,000.00	-	571,000.00	-
Total Miscellaneous Revenues	A-1	1,916,480.76	52,529.10	1,920,744.06	(48,265.80)
Receipts from Delinquent Taxes	A-1;A-2	450,000.00	-	468,472.88	18,472.88
Subtotal General Revenues		3,059,042.76	52,529.10	3,081,778.94	(29,792.92)
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	5,564,717.81	-	5,678,739.38	114,021.57
Budget Totals		8,623,760.57	52,529.10	8,760,518.32	84,228.65
Non-Budget Revenue	A-1;A-2	-	-	53,361.68	53,361.68
		<u>8,623,760.57</u>	<u>52,529.10</u>	<u>8,813,880.00</u>	<u>137,590.33</u>
		A-3	A-3		

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2019

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>	
Revenue from Collections	A-1;A-6	18,502,230.03
Allocated to School and County Taxes	A-6	<u>13,524,864.65</u>
Balance for Support of Municipal Budget Appropriations		4,977,365.38
Add:		
Appropriated Reserve for Uncollected Taxes	A-3	<u>701,374.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>5,678,739.38</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-6	458,084.66
Tax Title Liens Receivable	A-7	<u>10,388.22</u>
		<u><u>468,472.88</u></u>
		A-2
 <u>Analysis of Non-budget Revenues</u>	 <u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Tax Department Miscellaneous		3,674.32
Senior Citizen and Veterans Admin. Costs Reimb.		630.00
Finance - Miscellaneous		48,117.16
Various Refunds and Miscellaneous		<u>940.20</u>
	A-4	<u><u>53,361.68</u></u>
		A-2

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
General Government:						
Administrative and Executive:						
Salaries and Wages		107,625.00	107,625.00	99,603.36	8,021.64	-
Other Expenses		70,000.00	77,183.00	58,513.39	18,669.61	-
Mayor and Council:						
Salaries and Wages		22,600.00	22,600.00	21,896.51	703.49	-
Other Expenses		6,700.00	6,700.00	1,649.06	5,050.94	-
Municipal Clerk:						
Salaries and Wages		83,670.00	83,670.00	81,015.87	2,654.13	-
Other Expenses		15,450.00	21,450.00	15,623.20	5,826.80	-
Financial Administration:						
Salaries and Wages		110,267.39	110,267.39	110,277.13	(9.74)	-
Other Expenses		16,400.00	18,400.00	15,801.59	2,598.41	-
Annual Audit		35,000.00	35,000.00	14,750.00	20,250.00	-
Revenue Administration:						
Salaries and Wages		92,150.00	86,150.00	81,015.89	5,134.11	-
Other Expenses		9,850.00	9,850.00	7,793.17	2,056.83	-
Assessment of Taxes:						
Salaries and Wages		38,320.00	38,320.00	36,142.35	2,177.65	-
Other Expenses		15,500.00	15,500.00	10,053.25	5,446.75	-
Legal Services and Costs:						
Other Expenses		80,000.00	80,000.00	64,643.71	15,356.29	-
Engineering Services and Costs:						
Other Expenses		26,000.00	26,000.00	23,945.50	2,054.50	-
Board of Adjustment:						
Salaries and Wages		5,000.00	5,000.00	4,656.00	344.00	-
Other Expenses		12,600.00	12,600.00	5,964.81	6,635.19	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Local Code Enforcement:						
Salaries and Wages		65,000.00	65,000.00	40,752.14	24,247.86	-
Other Expenses		5,200.00	5,200.00	1,109.52	4,090.48	-
P.E.O.S.H.A. (P.L. 1983,C516):						
Other Expenses		1,000.00	-	-	-	-
Insurance:						
Health Insurance Waiver		6,000.00	-	-	-	-
General Liability		263,000.00	263,000.00	257,729.68	5,270.32	-
Employee Group Health		271,500.00	261,500.00	219,218.02	42,281.98	-
Public Safety:						
Fire:						
Other Expenses						
Miscellaneous Other Expenses		45,000.00	45,000.00	45,000.00	-	-
Fire Hydrant Service		73,000.00	73,000.00	64,036.44	8,963.56	-
First Aid Organization - Aid Maintenance:						
Other Expenses		19,300.00	19,300.00	19,300.00	-	-
Uniform Fire Safety Act (CH. 383, P.L. 1983)						
Fire and Code Enforcement:						
Salaries and Wages		3,500.00	3,500.00	3,500.00	-	-
Other Expenses		4,900.00	4,900.00	1,037.93	3,862.07	-
Office of Emergency Management:						
Salaries and Wages		6,000.00	6,000.00	5,936.08	63.92	-
Other Expenses		1,000.00	1,000.00	698.25	301.75	-
Public Works						
Road Repair and Maintenance						
Salaries and Wages		541,923.47	541,923.47	519,040.10	22,883.37	-
Other Expenses		125,100.00	125,100.00	69,998.51	55,101.49	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Shade Tree Commission:						
Salaries and Wages		1,200.00	1,200.00	1,048.95	151.05	-
Other Expenses		21,000.00	21,012.00	20,886.15	125.85	-
Public Buildings and Grounds:						
Salaries and Wages		14,500.00	14,500.00	9,687.71	4,812.29	-
Other Expenses		33,500.00	38,500.00	30,605.78	7,894.22	-
Solid Waste Collection:						
Other Expenses		362,600.00	362,600.00	320,323.26	42,276.74	-
Health and Welfare						
Animal Control:						
Salaries and Wages		10,000.00	10,000.00	10,000.00	-	-
Other Expenses		6,000.00	6,000.00	-	6,000.00	-
Park and Recreation:						
Recreation and Education						
Other Expenses		76,328.00	76,328.00	76,328.00	-	-
Public Defender (P.L. 1977,C.256)						
Other Expenses		6,000.00	6,000.00	5,400.00	600.00	-
Unclassified:						
Electricity		35,000.00	35,000.00	22,025.44	12,974.56	-
Natural Gas		15,000.00	15,000.00	11,610.33	3,389.67	-
Street Lighting & Traffic Lights		65,000.00	65,000.00	57,300.43	7,699.57	-
Solid Waste Disposal		202,000.00	202,000.00	177,553.99	24,446.01	-
Telephone		30,000.00	30,000.00	26,954.95	3,045.05	-
Water		13,000.00	13,500.00	12,544.95	955.05	-
Gasoline and Diesel Fuel		25,000.00	25,000.00	20,656.04	4,343.96	-
Municipal Service Reimbursements		15,000.00	17,305.00	17,303.89	1.11	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
<u>General Appropriations</u>						
Salary Adjustments		15,000.00	15,000.00	-	15,000.00	-
Total Operations Within "CAPS"		3,124,683.86	3,124,683.86	2,720,931.33	403,752.53	-
Total Operations Including Contingent- Within "CAPS"	A-1	3,124,683.86	3,124,683.86	2,720,931.33	403,752.53	-
Detail:						
Salaries and Wages		1,009,130.86	1,003,130.86	924,968.73	78,162.13	-
Other Expenses (Including Contingent)		2,115,553.00	2,121,553.00	1,795,962.60	325,590.40	-
Statutory Expenditures						-
Contribution to:						
Public Employees Retirement System		138,694.00	138,694.00	138,236.57	457.43	-
Social Security System (O.A.S.I.)		96,245.00	96,245.00	90,548.26	5,696.74	-
Unemployment Compensation Insurance		6,300.00	6,300.00	6,300.00	-	-
Defined Contribution Retirement Program		7,000.00	7,000.00	4,928.20	2,071.80	-
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	248,239.00	248,239.00	240,013.03	8,225.97	-
Total General Appropriations for Municipal Purposes within "CAPS"		3,372,922.86	3,372,922.86	2,960,944.36	411,978.50	-
Operations - Excluded From "CAPS"						
Maintenance of Free Public Library						
Other Expenses		151,036.89	151,036.89	150,224.70	812.19	-
Total Other Operations - Excluded From Caps		151,036.89	151,036.89	150,224.70	812.19	-
Shared Service Agreements						
Shared Engineering Services - Washington Township		63,000.00	63,000.00	55,591.36	7,408.64	-
Shared Police Services - Washington Township		2,520,965.06	2,520,965.06	2,520,965.05	0.01	-
Shared Court Services - Mansfield Township		190,000.00	190,000.00	184,883.10	5,116.90	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
<u>General Appropriations</u>						
Shared Animal Control Services						
Salaries and Wages		50,000.00	50,000.00	49,830.56	169.44	-
Other Expenses		3,610.00	3,610.00	-	3,610.00	-
Shared Services - Social Security		4,590.00	4,590.00	-	4,590.00	-
Shared Services - DCRP		1,800.00	1,800.00	-	1,800.00	-
Total Shared Service Agreements		<u>2,833,965.06</u>	<u>2,833,965.06</u>	<u>2,811,270.07</u>	<u>22,694.99</u>	<u>-</u>
Public and Private Programs Offset By Revenues						
Recycling Tonnage Grant		3,467.19	3,467.19	3,467.19	-	-
Highlands Council - Initial Assessment Grant		-	12,000.00	12,000.00	-	-
Clean Communities		-	15,772.10	15,772.10	-	-
Municipal Alliance:						
State Share		-	17,327.00	17,327.00	-	-
Local Share		-	9,430.00	9,430.00	-	-
Hazardous Discharge Site Remediation		171,375.65	171,375.65	171,375.65	-	-
Risk Control Grant		2,556.92	2,556.92	2,556.92	-	-
Green Communities Grant		-	3,000.00	3,000.00	-	-
Total Public and Private Programs Offset By Revenues		<u>177,399.76</u>	<u>234,928.86</u>	<u>234,928.86</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	A-1	<u>3,162,401.71</u>	<u>3,219,930.81</u>	<u>3,196,423.63</u>	<u>23,507.18</u>	<u>-</u>
Detail:						
Other Expenses		<u>3,112,401.71</u>	<u>3,169,930.81</u>	<u>3,146,593.07</u>	<u>23,337.74</u>	<u>-</u>
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund		<u>337,000.00</u>	<u>337,000.00</u>	<u>337,000.00</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	A-1	<u>337,000.00</u>	<u>337,000.00</u>	<u>337,000.00</u>	<u>-</u>	<u>-</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2019

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
<u>General Appropriations</u>						
Municipal Debt Service -Excluded From "CAPS"						
Payment of Bond Principal		855,000.00	855,000.00	855,000.00	-	-
Interest on Bonds		150,359.00	150,359.00	150,358.50	-	0.50
Loan Repayment for Principal and Interest		39,703.00	39,703.00	38,832.63	-	870.37
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>1,045,062.00</u>	<u>1,045,062.00</u>	<u>1,044,191.13</u>	-	<u>870.87</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>4,544,463.71</u>	<u>4,601,992.81</u>	<u>4,577,614.76</u>	<u>23,507.18</u>	<u>870.87</u>
Total General Appropriations - Excluded From "CAPS"		<u>4,544,463.71</u>	<u>4,601,992.81</u>	<u>4,577,614.76</u>	<u>23,507.18</u>	<u>870.87</u>
Subtotal General Appropriations		<u>7,917,386.57</u>	<u>7,974,915.67</u>	<u>7,538,559.12</u>	<u>435,485.68</u>	<u>870.87</u>
Reserve for Uncollected Taxes		<u>701,374.00</u>	<u>701,374.00</u>	<u>701,374.00</u>	-	-
Total General Appropriations		<u><u>8,618,760.57</u></u>	<u><u>8,676,289.67</u></u>	<u><u>8,239,933.12</u></u>	<u><u>435,485.68</u></u>	<u><u>870.87</u></u>
 <u>Analysis of Modified Budget</u>						
Adopted Budget	A-2		8,623,760.57			
Appropriation by 40A:4-87	A-2		<u>52,529.10</u>			
			<u><u>8,676,289.67</u></u>			
 <u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			701,374.00		
Cash Disbursed	A-4			7,303,630.26		
Federal & State Grants (Matching Funds)	A-12			5,000.00		
Interfund - Federal and State Grant Fund	A-22			<u>229,928.86</u>		
				<u><u>8,239,933.12</u></u>		
 <u>Analysis of Appropriation Reserve</u>						
Unencumbered	A				273,214.64	
Encumbered	A				<u>162,271.04</u>	
					<u><u>435,485.68</u></u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.
Comparative Balance Sheet - Regulatory Basis

Trust Funds
December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Animal Control Trust Fund:			
Cash- Treasurer	B-2	8,855.37	11,264.96
Change Fund	B-1	100.00	100.00
Due from the State of New Jersey	B-9	-	2.20
Deferred Charges			
Deficit in Animal Control	B-3	449.18	-
		<u>9,404.55</u>	<u>11,367.16</u>
Other Trust Funds:			
Cash	B-2	1,205,882.16	1,299,421.41
Interfund - Current Fund	B-7	2,433.39	4,082.41
		<u>1,208,315.55</u>	<u>1,303,503.82</u>
		<u>1,217,720.10</u>	<u>1,314,870.98</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Animal Control Trust Fund:			
Reserve for Animal Control Trust			
Fund Expenditures	B-3	-	5,911.08
Interfund - Current Fund	B-5	3,333.36	-
Encumbrances	B-4	6,069.19	5,456.08
Due State Department of Health	B-9	2.00	-
		9,404.55	11,367.16
Other Trust Fund:			
Interfund - General Capital Fund	B-6	190,000.00	-
Encumbrances Payable	B-8	8,884.42	24,675.37
Reserve for:			
Escrow Deposits	B-10	227,433.02	638,649.61
POAA	B-10	2,481.78	2,345.78
Recreation	B-10	33,841.35	46,313.02
Tax Sale Premiums	B-10	115,500.00	200,900.00
Public Defender	B-10	1,191.50	391.50
Fire Safety Bureau Trust	B-10	8,629.51	10,145.29
WBFD Dedicated Penalty Trust	B-10	2,299.41	967.00
C.O.A.H.	B-10	414,366.80	43,638.26
Unemployment	B-10	82,342.93	82,464.69
Payroll	B-10	12,610.68	12,964.38
Comcast	B-10	227.66	227.66
Snow Removal/Storm Recovery	B-10	82.18	35.60
Senior Activity	B-10	1,610.65	1,369.78
Outside Liens	B-10	19,528.71	18,193.82
Open Space	B-10	1,599.82	131,013.93
Street Opening	B-10	17,001.00	17,001.00
Municipal Alliance	B-10	-	3,523.00
Escrow	B-10	53,170.00	53,170.00
Salary Settlements	B-10	15,514.13	15,514.13
		1,208,315.55	1,303,503.82
		1,217,720.10	1,314,870.98

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Cash	C-2;C-3	1,418,309.23	389,373.57
Due From Open Space Trust	C-4	190,000.00	
Deferred Charges to Future Taxation			
Funded	C-6	4,210,461.33	5,100,941.43
Unfunded	C-7	3,635,700.00	1,496,000.00
		<u>9,454,470.56</u>	<u>6,986,315.00</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Encumbrances Payable	C-5	1,490,146.55	536,698.81
Capital Improvement Fund	C-8	81,551.67	103,548.10
Improvement Authorizations:			
Funded	C-9	317,244.30	147,748.93
Unfunded	C-9	1,542,730.50	1,048,563.58
Green Acres Loan Payable	C-10	184,461.33	219,941.43
Reserve for:			
Debt Service	C-11	9,320.21	9,320.21
Generator	C-11	1,500.00	1,500.00
General Serial Bonds Payable	C-12	4,026,000.00	4,881,000.00
Bond Anticipation Notes	C-13	1,749,500.00	
Fund Balance	C-1	52,016.00	37,993.94
		<u>9,454,470.56</u>	<u>6,986,315.00</u>

Footnote C: There were \$1,886,200.00 Bonds and Notes Authorized But Not Issued as of December 31, 2019 and \$1,496,000 as of December 31, 2018 as of Exhibit C-14.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31,

		<u>2019</u>	<u>2018</u>
	<u>Ref.</u>		
Balance - January 1,	C	37,993.94	<u>37,993.94</u>
Increased by:			
Premium on Bond Anticipation Notes	C-2	8,257.64	
Canceled	C-9	<u>5,764.42</u>	
		<u>14,022.06</u>	
Balance - December 31,	C	<u>52,016.00</u>	<u>37,993.94</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	3,988,173.43	3,766,314.45
Change Fund	D-7	75.00	75.00
		<u>3,988,248.43</u>	<u>3,766,389.45</u>
Interfund Receivable:			
Current Fund	D-10	7,766.29	-
		<u>7,766.29</u>	<u>-</u>
Receivables with Full Reserves:			
Consumer Accounts	D-8	235,356.48	305,911.35
Sewer Liens	D-9	37,466.38	32,127.12
		<u>272,822.86</u>	<u>338,038.47</u>
Total Operating Fund		<u>4,268,837.58</u>	<u>4,104,427.92</u>
Capital Fund:			
Cash	D-5;D-6	412,538.11	160,374.24
Fixed Capital*	D-11	18,165,364.71	18,165,364.71
Fixed Capital Authorized and Uncompleted*	D-12	700,000.00	-
Total Capital Fund		<u>19,277,902.82</u>	<u>18,325,738.95</u>
Total Assets		<u>23,546,740.40</u>	<u>22,430,166.87</u>

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2019</u>	<u>2018</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve:			
Unencumbered	D-4;D-13	418,864.93	209,383.75
Encumbered	D-4;D-13	31,158.56	161,184.44
		<u>450,023.49</u>	<u>370,568.19</u>
Interfund Payable			
Current Fund	D-10	-	823.06
Accounts Payable	D-14	225,498.27	22,212.50
Accrued Interest	D-15	48,964.84	44,928.30
Overpayment of Sewer Charges	D-17	12,837.82	12,617.22
		<u>737,324.42</u>	<u>451,149.27</u>
Reserve for Receivables	Contra	272,822.86	338,038.47
Fund Balance	D-1	3,258,690.30	3,315,240.18
Total Operating Fund		<u>4,268,837.58</u>	<u>4,104,427.92</u>
Capital Fund:			
Improvement Authorization			
Funded	D-16	294,801.60	-
Unfunded	D-16	400,000.00	-
Capital Improvement Fund	D-18	0.22	0.22
Reserve for Amortization	D-19	17,907,618.73	17,808,893.34
Reserve for Encumbrances	D-20	108,029.77	150,667.50
Deferred Reserve For Amortization	D-21	300,000.00	-
NJEIT Wastewater Loans Payable	D-22	257,745.98	356,471.37
Fund Balance	D-2	9,706.52	9,706.52
		<u>19,277,902.82</u>	<u>18,325,738.95</u>
Total Liabilities, Reserves and Fund Balances		<u>23,546,740.40</u>	<u>22,430,166.87</u>

Footnote D: There were Bonds and Notes Authorized But Not Issued at December 31, 2019 and 2018 in the amount of \$400,000 and \$0, respectively - per Exhibit D-23

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Sewer Utility Operating Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Revenue and Other Income Realized:			
Surplus	D-3	319,120.00	-
Rents	D-3	2,381,049.31	2,389,890.14
Reserve Capacity Charges	D-3	12,645.21	12,645.21
Industrial/Commercial Permit Fees	D-3	15,681.60	23,681.60
Non-Budget Revenues	D-3	94,541.20	51,676.54
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-13	33,652.80	53,680.00
Total Income		<u>2,856,690.12</u>	<u>2,531,573.49</u>
Expenditures:			
Operating	D-4	1,608,000.00	1,476,000.00
Debt Service	D-4	103,570.00	185,682.87
Deferred Charges and			
Statutory Expenditures	D-4	11,550.00	10,000.00
Surplus (General Budget)	D-4	571,000.00	500,000.00
Total Expenditures		<u>2,594,120.00</u>	<u>2,171,682.87</u>
Excess (Deficit) in Revenue over Expenditures		<u>262,570.12</u>	<u>359,890.62</u>
Fund Balance - January 1,	D-1	<u>3,315,240.18</u>	<u>2,955,349.56</u>
		<u>3,577,810.30</u>	<u>3,315,240.18</u>
Decreased by:			
Utilized as Anticipated Revenue		<u>319,120.00</u>	<u>-</u>
Fund Balance - December 31,	D	<u><u>3,258,690.30</u></u>	<u><u>3,315,240.18</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.

Comparative Statement of Fund Balance - Regulatory Basis

Sewer Utility Capital Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Balance - January 31,	D	<u>9,706.52</u>	<u>9,706.52</u>
Balance - December 31,	D	<u>9,706.52</u>	<u>9,706.52</u>

D-3

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	319,120.00	319,120.00	-
Sewer Service Charges	D-1;D-3	2,250,000.00	2,381,049.31	131,049.31
Reserve Capacity Charges	D-1;D-5	9,000.00	12,645.21	3,645.21
Industrial/Commercial Permit Fees	D-1;D-5	16,000.00	15,681.60	(318.40)
Non-Budget Revenues	D-1;D-5	-	94,541.20	94,541.20
Budget Totals		<u>2,594,120.00</u>	<u>2,823,037.32</u>	<u>228,917.32</u>
<u>Analysis of Realized Revenue</u>				
Consumer Accounts Receivable	D-8	2,380,374.29		
Sewer Utility Lien Collections	D-9	<u>675.02</u>		
	D-3		<u>2,381,049.31</u>	
<u>Analysis of Miscellaneous Revenue</u>				
Interest on Investments:				
Miscellaneous		176.01		
Tax Sale Costs		15.00		
Interest on Delinquent Rents		35,058.05		
Bad Check Fees		50.00		
Discharge Permit Fee		31,000.00		
Interest on Investments		<u>28,242.14</u>		
	D-3		<u>94,541.20</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N. J.
Statement of Expenditures - Regulatory Basis
Sewer Operating Fund
Year Ended December 31, 2019

	<u>Appropriated</u>	<u>Budget</u>	<u>Expended</u>	
	<u>Budget</u>	<u>After</u>	<u>Paid or</u>	<u>Reserved</u>
<u>Ref.</u>	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	165,000.00	165,000.00	145,316.74	19,683.26
Other Expenses	1,443,000.00	1,443,000.00	1,015,844.35	427,155.65
Total Operating	D-1 <u>1,608,000.00</u>	<u>1,608,000.00</u>	<u>1,161,161.09</u>	<u>446,838.91</u>
Capital Improvements:				
Capital Improvement Fund	300,000.00	300,000.00	300,000.00	-
Total Capital Improvements	D-1 <u>300,000.00</u>	<u>300,000.00</u>	<u>300,000.00</u>	<u>-</u>
Debt Service:				
Infrastructure Trust Principal and Interest	103,570.00	103,570.00	103,570.00	-
Total Debt Service	D-1 <u>103,570.00</u>	<u>103,570.00</u>	<u>103,570.00</u>	<u>-</u>
Deferred Charges and Statutory Expenditures				
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	11,550.00	11,550.00	8,365.42	3,184.58
Total Deferred Charges and Statutory Expenditures	D-1 <u>11,550.00</u>	<u>11,550.00</u>	<u>8,365.42</u>	<u>3,184.58</u>
Surplus (General Budget)	D-1 <u>571,000.00</u>	<u>571,000.00</u>	<u>571,000.00</u>	<u>-</u>
	<u>571,000.00</u>	<u>571,000.00</u>	<u>571,000.00</u>	<u>-</u>
Total Sewer Utility Appropriations	<u>2,594,120.00</u>	<u>2,594,120.00</u>	<u>2,144,096.51</u>	<u>450,023.49</u>
	<u>Analysis of Paid or Charged</u>			
	Cash Disbursed	D-5	2,139,251.90	
	Accrued Interest	D-15	4,844.61	
			<u>2,144,096.51</u>	
	<u>Analysis of Appropriations Reserved</u>			
	Unencumbered	D		418,864.93
	Encumbered	D		31,158.56
				<u>450,023.49</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Washington, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	Balance <u>Dec. 31, 2019</u>	Balance <u>Dec. 31, 2018</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	5,305,500.00	5,305,500.00
Machinery and Equipment	<u>4,308,180.00</u>	<u>4,032,811.00</u>
	<u>9,613,680.00</u>	<u>9,338,311.00</u>
 Investment in Fixed Assets	 <u>9,613,680.00</u>	 <u>9,338,311.00</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

BOROUGH OF WASHINGTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounts principles (GAAP).

The financial statements of the Borough of Washington have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Washington (the "Borough") is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Washington include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Washington, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Washington do not include operations of the library, first aid squads, local or regional school districts, inasmuch as their activities are administered by separate boards.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will, by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer Fire Department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

Sewer Utility Operating and Sewer Capital Fund - This fund was used to account for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

General Fixed Assets Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Washington. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditure are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remain in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund, and Sewer Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the Current Fund, and Sewer Operating Fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Animal Control Trust Fund
General Capital Fund
Sewer Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During the year several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by NJSA 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

General Fixed Assets - The Borough of Washington has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs from generally accepted accounting principles

Fixed Assets used in Governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (continued)

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2019, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2019 statutory budget included a reserve for uncollected taxes in the amount of \$701,374.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2019 statutory budget was \$692,562.00.

Interdepartment budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Borough Council.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 2: BUDGETARY INFORMATION (CONTINUED)

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. There were items of revenue and appropriation inserted into the annual budget for 2019; Clean Communities Grant for \$15,772.10; Shade Tree for \$3,000.00; Municipal Alliance for \$21,757.00; and Community Stewardship Incentive Program Reforestation - Tree Planting for \$12,000.00.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need or public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2019, there were no special emergency appropriations.

NOTE 3: FIXED ASSETS (UNAUDITED)

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2019.

	<u>Balance as of Dec. 31, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance as of Dec. 31, 2019</u>
Land, Land Improvements & Buildings	\$5,305,500.00	\$ -	\$ -	\$ -	\$5,305,500.00
Machinery & Equipment	<u>4,032,811.00</u>	<u>791,641.00</u>	<u>516,275.00</u>	<u>3.00</u>	<u>4,308,180.00</u>
	<u>\$9,338,311.00</u>	<u>\$791,641.00</u>	<u>\$516,275.00</u>	<u>\$3.00</u>	<u>\$9,613,680.00</u>

NOTE 4: MUNICIPAL DEBT

The Local Bond law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

The Borough's debt is summarized as follows:

<u>Issued</u>	<u>Year 2019</u>	<u>Year 2018</u>	<u>Year 2017</u>
General:			
	\$5,959,961.33	\$5,100,941.43	\$5,900,722.39
Sewer Utility:			
Bonds, Notes & Loans	<u>257,745.98</u>	<u>356,471.37</u>	<u>526,549.24</u>
Total Issued	<u>6,217,707.31</u>	<u>5,457,412.80</u>	<u>6,427,271.63</u>
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	1,886,200.00	1,496,000.00	-
Sewer Utility:			
Bonds and Notes	<u>400,000.00</u>	<u>-</u>	<u>-</u>
Total Authorized But Not Issued	<u>2,286,200.00</u>	<u>1,496,000.00</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$8,503,907.31</u>	<u>\$6,953,412.80</u>	<u>\$6,427,271.63</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statement net debt of 1.73%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$7,846,161.33	\$ 9,320.21	\$7,836,841.12
Sewer Utility Debt	657,745.98	657,745.98	-
Local and Regional School District Debt	<u>5,542,138.23</u>	<u>5,542,138.23</u>	<u>-</u>
	<u>\$14,046,045.54</u>	<u>\$6,209,204.42</u>	<u>\$7,836,841.12</u>

Net Debt \$7,836,841.12 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, 452,486,657.67 = 1.73 %.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3 ½% of Equalized Valuation Basis (Municipal)	\$15,837,033.02
Net Debt	<u>7,836,841.12</u>
Remaining Borrowing Power	<u>\$8,000,191.90</u>

ANALYSIS OF AVERAGE EQUALIZED VALUATION

2019	452,486,657.67		
2018		455,087,986.67	
2017			451,296,986.33

School Debt Deduction

School Debt is deductible up to the extent of 2.5% of the Average Equalized Assessed Valuation of real property for the Local and Regional School Districts.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$2,823,037.32
Operating And Maintenance Costs	\$1,619,550.00	
Debt Service	<u>103,570.00</u>	
		<u>1,726,120.00</u>
Excess in Revenue		<u>\$ 1,096,917.32</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount. The forgoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

The Borough's debt issued and outstanding on December 31, 2019 is as follows:

General Capital Fund:

\$328,750.00 Green Acres Trust Loan - dated October 17, 2002 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through July 2022. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2019 was \$59,237.71.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

General Capital Fund: (continued)

\$283,200.00 Green Acres Trust Loan - dated March 4, 2009 with New Jersey Department of Environmental Protection. This loan is payable in semi-annual installments through December 31, 2026. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2019 was \$125,233.62.

General Improvement Bonds - \$2,706,000.00 of 2012 General Improvement Bonds - dated April 1, 2012. This bond is payable in annual installments through April 1, 2027. The interest is payable semi-annually at various rates from 2.00-2.60% per annum. The balance remaining as of December 31, 2019 was \$1,571,000.00.

Refunding Bonds - \$3,185,000.00 of General Refunding Bonds - dated August 1, 2019. This bond is payable in annual installments through March 1, 2022. The interest is payable semi-annually at a rate of 4.00% per annum. The balance remaining as of December 31, 2019 was \$2,455,000.00.

Sewer Utility Capital Fund:

Wastewater Treatment Loans:

\$790,000.00 of 2002 Trust Loan dated October 15, 2002. This loan is payable in annual installments of \$35,000.00 to \$60,000.00 through August 2022. Interest is calculated at variable interest rates and is included in the annual installments. The remaining balance as of December 31, 2019 was \$175,000.00.

\$835,741.00 of 2002 Fund Loan dated October 15, 2002. This loan is payable in various annual installments through August 2022. The remaining balance as of December 31, 2019 was \$82,745.98.

The Borough's long term debt consisted of the following at December 31, 2019:

General Obligation Bonds & Loan from the General Capital Account	\$5,959,961.33
Sewer Utility Loan from the Sewer Utility Capital Account	<u>257,745.98</u>
	<u>\$6,217,707.31</u>

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 4: MUNICIPAL DEBT (CONTINUED)

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED
AND OUTSTANDING DECEMBER 31, 2019**

Calendar Year	General		Sewer Utility		Yearly Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	986,193.26	120,267.67	96,913.11	8,600.00	1,083,106.37	128,867.67
2021	981,920.74	84,140.18	100,832.87	5,850.00	1,082,753.61	89,990.18
2022	972,662.88	48,204.31	60,000.00	2,850.00	1,032,662.88	51,054.31
2023	267,874.93	27,255.75	-	-	267,874.93	27,255.75
2024	268,234.21	21,271.48	-	-	268,234.21	21,271.48
2025-2027	<u>733,575.31</u>	<u>26,746.55</u>	<u>-</u>	<u>-</u>	<u>733,575.31</u>	<u>26,746.55</u>
Total	<u>4,210,461.33</u>	<u>327,885.94</u>	<u>257,745.98</u>	<u>17,300.00</u>	<u>4,468,207.31</u>	<u>345,185.94</u>

Long-term debt as of December 31, 2019 consisted of the following:

	Balance Dec. 31, 2018	Additions	Reductions	Balance Dec. 31, 2019	Amount Due Within One Year
General Capital Fund:					
General Serial Bonds	\$4,881,000.00	\$ -	\$855,000.00	\$4,026,000.00	\$ 950,000.00
Green Acres Trust Fund	<u>219,941.43</u>	<u>-</u>	<u>35,480.10</u>	<u>184,461.33</u>	<u>36,193.26</u>
	<u>5,100,941.43</u>	<u>-</u>	<u>890,480.16</u>	<u>4,210,461.33</u>	<u>986,193.26</u>
Sewer Capital Fund:					
Waste Sewer Loans	<u>356,471.37</u>	<u>-</u>	<u>98,725.39</u>	<u>257,745.98</u>	<u>96,913.11</u>
	<u>356,471.37</u>	<u>-</u>	<u>98,725.39</u>	<u>257,745.98</u>	<u>96,913.11</u>
Compensated Absences	<u>148,397.68</u>	<u>16,970.16(1)</u>	<u>-</u>	<u>165,367.84</u>	<u>-</u>
	<u>\$5,605,810.48</u>	<u>\$16,970.16</u>	<u>\$709,205.49</u>	<u>\$4,633,575.15</u>	<u>\$1,083,106.37</u>

(1) Net of days allowed and days used

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2019 and 2018 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Current Fund	<u>\$600,000.00</u>	<u>\$692,562.00</u>
Sewer Utility Operating	<u>\$470,555.00</u>	<u>\$319,120.00</u>

NOTE 6: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2019</u>	<u>Balance Dec 31, 2018</u>
Prepaid Taxes	<u>\$143,861.91</u>	<u>\$135,342.17</u>
Cash Liability for Taxes Collected in Advance	<u>\$143,861.91</u>	<u>\$135,342.17</u>

NOTE 7: LOCAL AND REGIONAL DISTRICT SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District. The Borough of Washington has elected to defer school taxes.

	<u>Balance December 31, 2019</u>	<u>Balance December 31, 2018</u>
<u>Local District School Tax</u>		
Balance of Tax	\$3,021,796.91	\$2,972,914.41
Deferred	<u>2,302,957.14</u>	<u>2,302,957.14</u>
School Tax Payable	<u>718,839.77</u>	<u>669,947.27</u>
<u>Regional High School Tax</u>		
Balance of Tax	2,260,356.68	2,308,469.66
Deferred	<u>2,126,628.50</u>	<u>2,126,628.50</u>
School Tax Payable	<u>\$ 133,728.18</u>	<u>\$ 181,840.16</u>

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 8: PENSION PLAN (CONTINUED)

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$138,199.00	\$4,928.20
2018	105,968.50	2,750.21
2017	111,097.00	3,746.91

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 8: PENSION PLAN (CONTINUED)

Contribution Requirements (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2019, the Borough had a liability of \$2,493,639.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2019, the Borough's proportion was 0.0138393387 percent, which was an increase/(decrease of 0.0016341696 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Borough recognized pension expense of \$138,199.00. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$44,758.00	\$11,016.00
Changes of assumptions	248,999.00	865,534.00
Net difference between projected and actual earnings on pension plan investments	-	39,363.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>725,531.00</u>	_____
Total	<u>\$1,019,288.00</u>	<u>\$915,913.00</u>

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2020	(\$72,005.00)
2021	(233,583.00)
2022	(208,576.00)
2023	(97,937.00)
2024	(10,056.00)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2019, 2018, 2017, 2016, 2015 and 2014 amounts respectively.

Additional Information

Local Group Collective balances net of non-employer (State of New Jersey) balances at June 30, 2019 and June 30, 2018 are as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Collective deferred outflows of resources	\$3,149,522,616	\$4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
Borough's Proportion	0.0138393387%	0.0122051691%

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% (based on years of service)
Thereafter	3.00-7.00% (based on years of service)
Investment Rate of Return	7.00%

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U. S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U. S. Equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 8: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1- percentage point lower or 1 percentage-point higher than the current rate:

	<u>June 30, 2019</u>		
	<u>1%</u> Decrease <u>5.28%</u>	<u>At Current</u> Discount Rate <u>6.28%</u>	<u>1%</u> Increase <u>7.28%</u>
Borough's proportionate share of the pension liability	\$3,171,784	\$2,493,639	\$1,954,171

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 9: ACCRUED SICK AND VACATION BENEFITS

The Borough of Washington has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an 165,367.84. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

NOTE 10: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2019, \$-0- of the Borough's bank balance of \$10,081,125.09 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the Borough is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 11: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2019 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 12: PUBLIC ASSISTANCE

The Borough of Washington has elected to have the County of Warren process all public assistance granted to the residents. Therefore, the Borough of Washington no longer has a public assistance director.

NOTE 13: HEALTH INSPECTIONS

The Borough of Washington has elected to have the County of Warren, Department of Health, do all the health inspections. Therefore, the Borough does not have a health inspector.

NOTE 14: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2019 consist of the following:

\$3,333.36	Due to Current Fund from Animal Control Trust Fund for shared services fees received.
2,433.39	Due to Other Trust Fund from Current Fund for disbursements in the Current Fund.
<u>7,766.29</u>	Due to Sewer Operating Fund from Current Fund for disbursements in the Sewer Operating Fund.

\$13,533.04

It is anticipated that all interfunds will be liquidated during the calendar year.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Special Funding Situation PFRS

In addition to the pension described in Note 8, the Borough does not provide post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan. However, benefits are provided as describe below:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No, 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$741,386.00 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is 9,827.00.

NOTE 16. CONTINGENT LIABILITIES

Borough of Washington's Counsel has advised us there are two matters which have been turned over to the Borough's Insurance carrier. There are various tax appeals being handled by other Attorneys, also the Borough is party to ongoing COAH Affordable Housing litigation.

BOROUGH OF WASHINGTON, NJ

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018
(CONTINUED)**

NOTE 17: SUBSEQUENT EVENT

The Borough has evaluated subsequent events through September 21, 2020, the date which the financial statements were available to be issued and the following item was noted for disclosure:

On March 9, 2020 Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the overall effects of the COVID-19 pandemic are unknown. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Washington. The Borough has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes, sewer utility rents and cash flow shortages as the result of these delayed collection. The Borough will continue to monitor the situation closely.

SUPPLEMENTARY DATA

BOROUGH OF WASHINGTON, N.J.

OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2019

The following Officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
David Higgins	Mayor	*
Ethyl Conry	Deputy Mayor	*
Louann Cox	Councilperson	*
Chelsea Duchemin	Councilperson	*
Josephine Noone	Councilperson	*
Keith Norris	Councilperson	*
Cynthia Valle	Councilperson	*
Matthew Hall	Manager	*
Laurie Barton	Municipal Clerk	*
Natasha Turchan	CFO; Tax Collector	*
Mathew Lopez	Code Enforcement Officer	*
Craig Brotons	Tax Assessor	*
Matthew Lopez	Fire Official	*
Robert Lagonera	Animal Control Officer	*
Kevin Smith	Engineer	
Leslie Parikh, Esq.	Attorney	
Scott Willhelm	Public Defender	
Thomas M. Ferry, C.P.A., R.M.A.	Auditor	

* Public Employees Dishonesty Blanket Bond is in force covering each employee for \$1,000,000.00 issued by Fidelity and Deposit Company of Maryland, Statewide Insurance Fund, named insurer.

Borough of Washington
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal C.F.D.A Number	Program or Award Amount	Grant Period From/To	12/31/2018		Receipts	Expended	Receivable Cancelled	Reserve Cancelled	12/31/2019		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance					(Receivable)	Reserve Balance	
<u>FEDERAL AND STATE GRANT FUND</u>												
Department of Housing & Urban Development Pass Through State of New Jersey Department of Community Affairs Small Cities Program	14.228	495,000.00	2/1/12-1/13/14	-	198.02	-	-	-	-	-	198.02	494,801.98
<u>FEDERAL AND STATE GRANT FUND</u>												
<u>TOTAL FEDERAL AID</u>				-	198.02	-	-	-	-	-	198.02	614,801.98

Note: This schedule was not subject to an audit in accordance with The Uniform Guidance.

Borough of Washington
 Schedule of Expenditures of State Awards
 For the Year Ended December 31, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2018		Receipts	Expended	12/31/2019		MEMO Cumulative Total Expenditures
				Receivable	Reserve Balance			Receivable	Reserve Balance	
FEDERAL AND STATE GRANT FUND										
<u>N.J. Department of Environmental Protection</u>										
Clean Communities	765-042-4900-004-V42Y-6020	14,124.93	1/1/18-12/31/18	-	12,943.00	-	(7,850.84)	-	5,092.16	9,032.77
Clean Communities	765-042-4900-004-V42Y-6020	15,772.10	1/1/19-12/31/19	-	-	15,772.10	-	-	15,772.10	-
				-	12,943.00	15,772.10	(7,850.84)	-	20,864.26	9,032.77
Recycling Tonnage	752-042-4900-001-V42Y-6020	3,758.49	1/1/17-12/31/17	-	15.21	-	(15.21)	-	-	3,758.49
Recycling Tonnage	752-042-4900-001-V42Y-6020	4,125.96	1/1/18-12/31/18	-	4,125.96	-	(4,125.96)	-	-	4,125.96
Recycling Tonnage	752-042-4900-001-V42Y-6020	3,467.19	1/1/19-12/31/19	-	-	3,467.19	(1,075.39)	-	2,391.80	1,075.39
Recycling Tonnage	752-042-4900-001-V42Y-6020	4,298.57	1/1/20-12/31/20	-	-	4,298.57	-	-	4,298.57	-
				-	4,141.17	7,765.76	(5,216.56)	-	6,690.37	8,959.84
Community Stewardship Incentive Program Reforestation	09-032-012-2121	5,000.00	1/1/10-12/31/10	(5,000.00)	2,700.00	-	-	(5,000.00)	2,700.00	2,300.00
Community Stewardship Incentive Program Reforestation	100-042-4870-074-V42F-6120	16,200.00	1/1/17-12/31/17	(16,200.00)	2.00	14,578.20	-	(1,621.80)	2.00	16,198.00
Community Stewardship Incentive Program Reforestation	19-033-010-2121	12,000.00	1/1/19-12/31/19	-	-	-	-	(12,000.00)	12,000.00	-
				(21,200.00)	2,702.00	14,578.20	-	(18,621.80)	14,702.00	18,498.00
Green Communities Grant	100-042-4870-038-V42Y-6120	3,000.00	1/1/19-12/31/19	-	-	3,000.00	(3,000.00)	-	-	3,000.00
Hazardous Discharge Site Remediation Fund (Passed through N.J. Economic Development Authority)	157099	171,375.65	1/1/19-12/31/19	-	-	34,100.00	(1,440.20)	(137,275.65)	169,935.45	1,440.20
Total Department of Environmental Protection				(21,200.00)	19,786.17	75,216.06	(17,507.60)	(155,897.45)	212,192.08	40,930.81
<u>Department of Community Affairs:</u>										
Municipal Alliance	N/A	18,077.00	1/1/18-12/31/18	(16,878.63)	18,077.00	13,911.74	(17,876.32)	(2,966.89)	200.68	17,876.32
Municipal Alliance	N/A	17,327.00	1/1/19-12/31/19	-	-	-	-	(17,327.00)	17,327.00	-
Total Department of Community Affairs				(16,878.63)	18,077.00	13,911.74	(17,876.32)	(20,293.89)	17,527.68	17,876.32
<u>Department of Transportation:</u>										
Beethoven Avenue	480-078-6320-AJQ	140,000.00	Continuous	-	5,960.55	-	-	-	5,960.55	134,039.45
North Prospect Street	480-078-6320-AMQ	100,000.00	Continuous	(100,000.00)	100,000.00	-	(100,000.00)	(100,000.00)	-	100,000.00
Total Department of Transportation				(100,000.00)	105,960.55	-	(100,000.00)	(100,000.00)	5,960.55	234,039.45
<u>Department of Law and Public Safety</u>										
Alcohol Education and Rehabilitation Fund	9735-760-098-4900-001-X100-6020	3,853.16	2002 and Prior	-	2,899.16	-	-	-	2,899.16	-
Alcohol Education and Rehabilitation Fund	9735-760-098-4900-001-X100-6020	375.00	2004 and Prior	-	347.21	-	-	-	347.21	-
Total Department of Law and Public Safety				-	3,246.37	-	-	-	3,246.37	-
TOTAL FEDERAL AND STATE GRANT FUND - STATE AID				(138,078.63)	147,070.09	89,127.80	(135,383.92)	(276,191.34)	238,926.68	292,846.58
TOTAL STATE AID				(138,078.63)	147,070.09	89,127.80	(135,383.92)	(276,191.34)	238,926.68	292,846.58

Note: This schedule was not subject to an audit in accordance with N.J.OMB Circular 15-08.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2019</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	692,562.00	3.168%	675,000.00	3.078%
Miscellaneous - From Other Than				
Local Property Tax Levies	1,920,744.06	8.785%	1,692,521.08	7.718%
Collection of Delinquent Taxes				
and Tax Title Liens	468,472.88	2.143%	535,221.41	2.441%
Collection of Current				
Tax Levy	18,502,230.03	84.629%	18,730,090.26	85.409%
Other Credits to Income	<u>278,827.26</u>	<u>1.275%</u>	<u>297,135.82</u>	<u>1.355%</u>
<u>Total Revenue and Other Income Realized</u>	<u>21,862,836.23</u>	<u>100.00%</u>	<u>21,929,968.57</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	7,974,044.80	37.016%	7,481,082.82	35.400%
Local and Regional School Taxes	10,213,951.00	47.413%	10,229,052.00	48.403%
County Taxes	3,037,594.51	14.101%	3,149,199.76	14.902%
Special Improvement District Tax	200,000.00	0.928%	200,000.00	0.946%
Municipal Open Space Tax	73,319.14	0.340%	73,015.75	0.346%
Other Expenditures	<u>43,410.77</u>	<u>0.202%</u>	<u>823.06</u>	<u>0.004%</u>
<u>Total Expenditures</u>	<u>21,542,320.22</u>	<u>100.00%</u>	<u>21,133,173.39</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	320,516.01		796,795.18	
Fund Balance, January 1,	<u>1,779,082.69</u>		<u>1,657,287.51</u>	
	2,099,598.70		2,454,082.69	
Less:				
Utilized as Anticipated Revenue	<u>692,562.00</u>		<u>675,000.00</u>	
Fund Balance, December 31,	<u>1,407,036.70</u>		<u>1,779,082.69</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SEWER UTILITY OPERATING FUND

	<u>Year 2018</u>		<u>Year 2018</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	319,120.00	11.171%		0.000%
Rents	2,381,049.31	83.350%	2,389,890.14	94.403%
Miscellaneous	94,541.20	3.309%		0.000%
Reserve Capacity Charges	12,645.21	0.443%	12,645.21	0.500%
Industrial/Commercial Permit Fees	15,681.60	0.549%	23,681.60	0.935%
Other Credits to Income	33,652.80	1.178%	105,356.54	4.162%
	<u>2,856,690.12</u>	<u>100.00%</u>	<u>2,531,573.49</u>	<u>100.00%</u>
<u>Expenditures</u>				
Budget Expenditures:				
Operating	1,608,000.00	61.986%	1,476,000.00	67.966%
Capital Improvements	300,000.00	11.565%	-	0.000%
Debt Service	103,570.00	3.992%	185,682.87	8.550%
Deferred Charges and Statutory Expenditures	11,550.00	0.445%	10,000.00	0.460%
Other Expenses	571,000.00	22.011%	500,000.00	23.024%
	<u>2,594,120.00</u>	<u>100.00%</u>	<u>2,171,682.87</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	262,570.12		359,890.62	
Fund Balance, January 1,	<u>3,315,240.18</u>		<u>2,955,349.56</u>	
	3,577,810.30		3,315,240.18	
Less:				
Utilized as Anticipated Revenue	<u>319,120.00</u>		<u>-</u>	
Fund Balance, December 31,	<u>3,258,690.30</u>		<u>3,315,240.18</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Tax Rate:</u>	<u>5.155</u>	<u>5.241</u>	<u>5.028</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	1.477	1.517	1.470
Municipal Open Space	.020	.020	.020
County	.871	.859	.883
Special Improvement Tax	-0-	.054	.054
Local School	1.459	1.433	1.251
Regional School	1.328	1.358	1.350

Assessed Valuation

2019	366,449,300.00		
2018		366,650,370.00	
2017			368,319,871.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2019	19,089,079.95	18,502,230.03	96.93%
2018	19,239,659.41	18,730,090.26	97.35%
2017	18,545,202.59	18,021,246.10	97.17%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2019	520,053.44	889,028.52	1,409,081.96	7.38%
2018	462,384.56	858,148.09	1,320,532.65	6.86%
2017	470,293.59	881,014.37	1,351,307.96	7.28%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2019	914,500.00
2018	914,500.00
2017	914,500.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2019	2,323,569.87	2,380,374.29
2018	2,419,714.58	2,382,196.22
2017	2,485,227.08	2,507,501.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund:</u>	2019	1,407,036.70	600,000.00
	2018	1,779,082.69	692,562.00
	2017	1,657,287.51	675,000.00
	2016	1,960,763.68	912,500.00
	2015	1,684,268.08	878,000.00
 <u>Sewer Utility Operating Fund:</u>			
	2019	3,258,690.30	470,555.00
	2018	3,315,240.18	319,120.00
	2017	2,955,349.56	-
	2016	2,463,139.46	238,972.14
	2015	2,165,460.54	214,645.66

Borough of Washington, N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2018	A	3,306,908.07	12,959.15
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	53,361.68	-
Taxes Receivable	A-6	18,792,222.52	-
Tax Title Liens Receivable	A-7	10,388.22	-
Revenue Accounts Receivable	A-10	1,679,975.01	-
Due From State - Senior Citizen and Veteran Deductions	A-11	31,500.00	-
Interfunds	A-12	12,201.24	-
Various Cash Liabilities and Reserves	A-14	391,564.61	-
Prepaid Taxes	A-15	143,861.91	-
Interfund - Current Fund	A-20	-	5,000.00
Grants Receivable	A-21	-	87,386.15
Unappropriated Reserves	A-23	-	6,513.57
		<u>21,115,075.19</u>	<u>98,899.72</u>
		24,421,983.26	111,858.87
Decreased by Disbursements:			
Refund of Prior Year Revenues	A-1	40,077.41	-
Current Year Budget Appropriations	A-3	7,303,630.26	-
Interfunds	A-12	85,973.22	-
Appropriation Reserves	A-13	229,129.46	-
Various Cash Liabilities and Reserves	A-14	376,143.56	-
County Taxes Payable	A-16	3,039,062.70	-
Local School District Taxes Payable	A-17	5,296,715.50	-
Regional High School Taxes Payable	A-18	4,916,454.98	-
Special Improvement District Taxes Payable	A-19	200,000.00	-
Appropriated Reserves for Grants	A-22	-	59,857.38
Reserve for Encumbrances	A-24	-	4,358.08
		<u>21,487,187.09</u>	<u>64,215.46</u>
Balance - December 31, 2019	A	<u>2,934,796.17</u>	<u>47,643.41</u>

Borough of Washington, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	<u><u>325.00</u></u>
Balance - December 31, 2019	A	<u><u>325.00</u></u>
 <u>Analysis of Balance:</u>		
Tax Collector		100.00
Municipal Clerk		100.00
Recreation		<u>125.00</u>
		<u><u>325.00</u></u>

Borough of Washington, N.J.
Schedule of Taxes Receivable and Analysis of Property Tax Levy
Current Fund

Year Ended December 31, 2019

Year	Balance, Dec. 31,	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2019
	2018			2018	2019				
2014	2,622.74	-	-	-	-	-	2,622.74	-	-
2017									-
2018	459,761.82	-	-	-	458,334.66	(250.00)	1,420.96	6.20	-
	462,384.56	-	-	-	458,334.66	(250.00)	4,043.70	6.20	-
2019		19,081,539.44	7,540.51	135,342.17	18,333,887.86	33,000.00	36,922.50	29,873.98	520,053.44
	462,384.56	19,081,539.44	7,540.51	135,342.17	18,792,222.52	32,750.00	40,966.20	29,880.18	520,053.44
	A			A-2;A-15	A-2;A-4	A-2;A-11	A-7		A

Analysis of Tax Levy

	Ref.	
Tax yield:		
General Purpose Tax		19,081,539.44
Added Tax (R.S. 54:4-63.1 et seq.)		7,540.51
		<u>19,089,079.95</u>
Tax Levy:		
Municipal Open Space Tax	A-12	73,319.14
County Tax	A-16	3,036,380.42
Added County Taxes	A-16	<u>1,214.09</u>
		3,037,594.51
Local District School Tax	A-17	5,345,608.00
Regional High School Tax	A-18	4,868,343.00
Special Improvement District Tax	A-19	<u>200,000.00</u>
		10,413,951.00
	A-2	<u>13,524,864.65</u>
Local Tax for Municipal Purposes		5,564,717.81
Additional Taxes		<u>(502.51)</u>
		5,564,215.30
		<u>19,089,079.95</u>

Borough of Washington, N.J.
Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	858,148.09
Increased by:		
Transferred from Taxes Receivable	A-6	40,966.20
Interest and Costs		302.45
		41,268.65
		899,416.74
Decreased by:		
Cash Receipts	A-2; A-4	10,388.22
Balance - December 31, 2019	A	889,028.52

A-8

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	914,500.00
Balance - December 31, 2019	A	914,500.00

Borough of Washington, N.J.
Schedule of Labor Liens Receivable
Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	5,509.66
Increased by: Adjustment		<u>2,316.17</u>
Balance - December 31, 2019	A	<u><u>7,825.83</u></u>

Borough of Washington, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	Balance Dec. 31, 2018	<u>Accrued</u>	<u>Collected</u>	Balance Dec. 31, 2019
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	-	5,040.00	5,040.00	-
Fees and Permits	A-2	-	197,192.02	197,192.02	-
Municipal Court :					
Fines and Costs	A-2	5,876.21	67,777.65	69,347.34	4,306.52
Tax Collector:					
Interest and Costs on Taxes	A-2	-	119,000.67	119,000.67	-
Interest on Investments and Deposits	A-2	-	31,965.96	31,965.96	-
Consolidated Municipal Property Tax					
Relief Aid	A-2	-	35,256.00	35,256.00	-
Energy Receipts	A-2	-	558,120.00	558,120.00	-
Shared Service Animal Shelter	A-2	-	60,667.02	60,667.02	-
Cable TV Gross Receipts	A-2	-	21,326.19	21,326.19	-
Sale of Municipal Assets	A-2	-	12,000.00	12,000.00	-
Sewer Operating Surplus	A-2	-	571,000.00	571,000.00	-
		<u>5,876.21</u>	<u>1,679,345.51</u>	<u>1,680,915.20</u>	<u>4,306.52</u>
		A			A
Cash Receipts	A-4			1,679,975.01	
Interfund Receivable	A-12			940.19	
				<u>1,680,915.20</u>	

Borough of Washington, N.J.

**Schedule of Amount Due From State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	A	6,174.49
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billing		33,750.00
Senior Citizens' and Veterans' Deductions Allowed By the Tax Collector - 2019 Taxes		750.00
		34,500.00
Less: Senior Citizens Deductions Disallowed		
By the Tax Collector - 2019 Taxes		1,500.00
By the Tax Collector - 2018 Taxes		250.00
		32,750.00
	A-6	38,924.49
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	31,500.00
		7,424.49
Balance - December 31, 2019	A	7,424.49

Borough of Washington, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2019

Fund	Ref.	Due From/(To)			Due From/(To)	
		Balance Dec. 31, 2018	Increased	Decreased	Balance Dec. 31, 2019	
Federal and State Grants	A	-	5,000.00	5,000.00	-	
Animal Control Trust Fund	A	-	3,333.36	-	3,333.36	
Other Trust	A	(4,082.41)	76,931.03	78,580.05	(2,433.39)	
Sewer Utility Operating Fund	A	823.06	-	8,589.35	(7,766.29)	
		<u>(3,259.35)</u>	<u>85,264.39</u>	<u>92,169.40</u>	<u>(6,866.32)</u>	
<u>Analysis</u>						
Due From Current Fund		(4,082.41)			(10,199.68)	
Due To Current Fund	A-1	823.06			3,333.36	
		<u>(3,259.35)</u>			<u>(6,866.32)</u>	
Appropriations-Grants	A-3		5,000.00	-		
Received	A-4		3,611.89	8,589.35		
Disbursed	A-4		3,333.36	82,639.86		
Municipal Open Space Tax	A-1; A-6		73,319.14	-		
Revenue Accounts Receivable	A-10		-	940.19		
			<u>85,264.39</u>	<u>92,169.40</u>		

Borough of Washington, N. J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
<u>General Appropriations</u>				
General Government:				
Administration and Executive:				
Salaries and Wages	1,002.61	1,002.61	-	1,002.61
Other Expenses	5,850.76	15,850.76	9,620.25	6,230.51
Mayor and Council:				
Salaries and Wages	804.34	804.34	-	804.34
Other Expenses	1,180.77	1,180.77	-	1,180.77
Municipal Clerk:				
Salaries and Wages	414.45	414.45	-	414.45
Other Expenses	1,552.32	1,552.32	260.06	1,292.26
Financial Administration:				
Salaries and Wages	0.02	0.02	-	0.02
Other Expenses	3,813.38	3,813.38	2,090.84	1,722.54
Annual Audit	17,085.38	17,085.38	15,745.00	1,340.38
Revenue Administration:				
Salaries and Wages	670.85	670.85	-	670.85
Other Expenses	7,216.09	7,216.09	-	7,216.09
Assessment of Taxes:				
Salaries and Wages	1,964.55	1,964.55	-	1,964.55
Other Expenses	5,889.16	5,889.16	4,444.50	1,444.66
Legal Services and Costs:				
Other Expenses	13,445.40	13,445.40	6,273.26	7,172.14
Engineering Services and Costs:				
Other Expenses	4,718.75	4,718.75	825.00	3,893.75
Municipal Land Use:				
Planning Board:				
Salaries and Wages	0.57	0.57	-	0.57
Other Expenses	1,575.27	1,575.27	890.51	684.76
Board of Adjustment:				
Salaries and Wages	3,802.14	3,802.14	-	3,802.14
Other Expenses	4,455.00	4,455.00	35.68	4,419.32
Local Code Enforcement:				
Salaries and Wages	3,513.57	3,513.57	-	3,513.57
Other Expenses	2,946.19	2,946.19	-	2,946.19
P.E.O.S.H.A. (P.L. 1983, C516)				
Other Expenses	1,000.00	1,000.00	-	1,000.00
Insurance:				
Health Insurance Waiver	6,000.00	-	-	-
General Liability	678.68	678.68	-	678.68
Employee Group Health	10,740.68	6,740.68	744.50	5,996.18

Borough of Washington, N. J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Public Safety:				-
Fire:				-
Other Expenses:				-
Fire Hydrant Service	8,693.79	8,693.79	5,980.00	2,713.79
Uniform Fire Safety Act (P.L. 1983,C.383):				-
Fire and Safety Code Enforcement:				-
Salaries and Wages	1,324.39	1,324.39	-	1,324.39
Other Expenses	2,280.83	2,280.83	624.95	1,655.88
Office of Emergency Management:				-
Salaries and Wages	3,319.27	3,319.27	-	3,319.27
Other Expenses	975.00	975.00	-	975.00
Public Works:				-
Road Repairs and Maintenance:				-
Salaries and Wages	31,282.67	31,282.67	31,282.67	-
Other Expenses	45,396.46	45,396.46	29,889.63	15,506.83
Shade Tree Commission:				-
Salaries and Wages	1.60	1.60	-	1.60
Other Expenses	11,315.99	11,315.99	10,124.97	1,191.02
Public Building and Grounds:				-
Salaries and Wages	486.65	486.65	-	486.65
Other Expenses	12,140.02	12,140.02	7,029.11	5,110.91
Solid Waste Collection:				-
Other Expense	50,925.45	50,925.45	50,925.45	-
Health and Welfare:				-
Animal Control:				-
Salaries and Wages	33.17	33.17	-	33.17
Senior Services				-
Other Expense	1,000.00	1,000.00	-	1,000.00
Public Defender (P.L. 1977, C.256)				-
Other Expenses	1,600.00	1,600.00	-	1,600.00
Unclassified:				-
Electricity	16,841.75	16,841.75	3,394.95	13,446.80
Natural Gas	5,285.02	5,285.02	1,995.93	3,289.09
Street Lighting & Traffic Lights	7,419.61	7,419.61	5,346.52	2,073.09
Solid Waste Disposal	45,288.50	45,288.50	22,032.65	23,255.85
Telephone	5,167.69	5,167.69	1,452.62	3,715.07
Water	1,820.10	1,820.10	699.64	1,120.46
Salary Adjustments	8,150.00	8,150.00	-	8,150.00
Gasoline and Diesel Fuel	6,176.47	6,176.47	1,186.31	4,990.16
Municipal Service Reimbursement	141.01	141.01	-	141.01

Borough of Washington, N. J.
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Total Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Deferred Charges and Statutory Expenditures				-
Contribution to:				-
Public Employees Retirement System	4,031.50	4,031.50	-	4,031.50
Social Security System (O.A.S.I.)	25,991.53	25,991.53	-	25,991.53
Defined Contribution Retirement Program	4,249.79	4,249.79	-	4,249.79
Maintenance of Free Public Library:				-
Other Expenses	16,734.46	16,734.46	16,734.46	-
Shared Service Agreements				-
Shared Police Services - Washington Townshi	34,868.48	34,868.48	-	34,868.48
Shared Court Services - Mansfield	1,009.85	1,009.85	-	1,009.85
Total General Appropriation Reserves	<u>454,271.98</u>	<u>454,271.98</u>	<u>229,629.46</u>	<u>224,642.52</u>
				A-1

	<u>Ref.</u>	
<u>Analysis of Appropriation Reserve</u>		
Unencumbered	A	262,330.66
Encumbered	A	191,941.32
		<u>454,271.98</u>

<u>Analysis of Paid or Charged</u>		
Cash Disbursed	A-4	229,129.46
Accounts Payable	A-14	500.00
		<u>229,629.46</u>

Borough of Washington, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2019

<u>Liabilities and Reserves</u>	<u>Balance Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2019</u>
<u>Liabilities:</u>				
Accounts Payable	10,000.00	500.00	-	10,500.00
Tax Overpayments	55,460.09	60,799.14	55,460.09	60,799.14
<u>Reserve for:</u>				
Tax Appeals	5,902.19	-	-	5,902.19
Reserve for Redemption of Outside Liens	8.00	318,142.47	318,150.47	-
Tree Shade	500.00	-	-	500.00
State Library Aid	4,388.32	2,831.00	2,775.96	4,443.36
Sale of Municipal Assets	9,900.00	9,792.00	9,900.00	9,792.00
Encumbrances - Various Reserves	-	242.96	-	242.96
	<u>86,158.60</u>	<u>392,307.57</u>	<u>386,286.52</u>	<u>92,179.65</u>
	A			A
	<u>Ref.</u>			
Anticipated as Revenue	A-2	-	9,900.00	
Charged to Various Reserves	A-14	242.96		
Reserve for Encumbrances - Various Reserves	A-14		242.96	
Cash Received	A-4	391,564.61	-	
Cash Disbursed	A-4	-	376,143.56	
Appropriation Reserves	A-13	500.00	-	
		<u>392,307.57</u>	<u>386,286.52</u>	

Borough of Washington, N.J.**Schedule of Prepaid Taxes****Current Fund****Year Ended December 31, 2019**

	<u>Ref.</u>	
Balance - December 31, 2018	A	135,342.17
Increased by:		
Receipts - Prepaid Taxes	A-4	<u>143,861.91</u>
		279,204.08
Decreased by:		
Applied to Taxes	A-6	<u>135,342.17</u>
Balance - December 31, 2019	A	<u><u>143,861.91</u></u>

Borough of Washington, N.J.
Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	A		2,682.28
Increased by:			
Levy	A-6	3,036,380.42	
Added and Omitted Taxes	A-6	<u>1,214.09</u>	
	A-1		<u>3,037,594.51</u>
			<u>3,040,276.79</u>
Decreased by:			
Payments	A-4		<u>3,039,062.70</u>
Balance - December 31, 2019	A		<u><u>1,214.09</u></u>

Borough of Washington, N.J.
Schedule of Local School District Tax

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018			
School Tax Deferred		2,302,957.14	
School Tax Payable	A	<u>669,947.27</u>	2,972,904.41
Increased by:			
Levy School Year July 1, 2019 to June 30, 2020	A-6	<u>5,345,608.00</u>	<u>8,318,512.41</u>
Decreased by:			
Payments	A-4	<u>5,296,715.50</u>	
Balance - December 31, 2019			
School Tax Deferred		2,302,957.14	
School Tax Payable	A	<u>718,839.77</u>	<u>3,021,796.91</u>
Liability for Local School Tax			
Taxes Paid			5,296,715.50
Taxes Payable December 31, 2019			<u>718,839.77</u>
			<u>6,015,555.27</u>
Less:			
Taxes Payable December 31, 2018			<u>669,947.27</u>
Amount Charged to Operations	A-1		<u><u>5,345,608.00</u></u>

Borough of Washington, N.J.

Schedule of Regional High School Taxes Payable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018			
Tax Payable	A	181,840.16	
School Taxes Deferred		<u>2,126,628.50</u>	2,308,468.66
Increased by:			
Levy School Year July 1, 2019 to June 30, 2020	A-6		<u>4,868,343.00</u>
			7,176,811.66
Decreased by:			
Payments	A-4		<u>4,916,454.98</u>
Balance - December 31, 2019			
Tax Payable	A	133,728.18	
School Taxes Deferred		<u>2,126,628.50</u>	<u>2,260,356.68</u>
Liability for Regional District School Tax:			
Taxes Paid			4,916,454.98
Less:			
Taxes Payable-December 31, 2018			<u>181,840.16</u>
Amount Charged to Operations	A-1		<u><u>4,868,343.00</u></u>
			A-19

Schedule of Special Improvement District Taxes Payable

Current Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Increased by:		
Levy- 2019	A-1;A-6	<u>200,000.00</u>
Decreased by:		
Payments	A-4	<u>200,000.00</u>

Borough of Washington, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Fund</u>	<u>Increased</u>	<u>Decreased</u>
Current Fund	<u>5,000.00</u>	<u>5,000.00</u>
	A-4	A-22

Borough of Washington, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	Transfer from <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Municipal Alliance Grant	16,878.63	17,327.00	13,911.74	-	20,293.89
Municipal Alliance - Local Share	6,948.00	4,430.00	-	4,430.00	6,948.00
Clean Communities	-	15,772.10	15,772.10	-	-
Recycling Tonnage	-	3,467.19	3,467.19	-	-
Green Communities Grant	-	3,000.00	3,000.00	-	-
HDSRF - Cleanup	-	171,375.65	34,100.00	-	137,275.65
Risk Control Grant	-	2,556.92	2,556.92	-	-
Highlands Council - Initial Assessment Grant	5,000.00	12,000.00	-	-	17,000.00
Community Stewardship Incentive Program					
Reforestation - Tree Planting	16,200.00	-	14,578.20	-	1,621.80
DOT Municipal Aid - North Prospect St.	100,000.00	-	-	-	100,000.00
	<u>145,026.63</u>	<u>229,928.86</u>	<u>87,386.15</u>	<u>4,430.00</u>	<u>283,139.34</u>
	A	A-2	A-4	A-23	A

Borough of Washington, N.J.

Schedule of Appropriated Reserves of Grants

Federal and State Grant Fund

Year Ended December 31, 2019

<u>Grant</u>	<u>Balance</u> Dec. 31, 2018	Transfer From <u>Budget</u>	<u>Expended</u>	<u>Purchase Order</u> Adjustment	<u>Balance</u> Dec. 31, 2019
Recycling Tonnage Grant	4,141.17	3,467.19	5,216.56	-	2,391.80
Alcohol Education and Rehabilitation Fund	3,246.37	-	-	-	3,246.37
Municipal Alliance Grant:					
Local Share	466.74	9,430.00	636.00	-	9,260.74
State Share	18,077.00	17,327.00	17,876.32	-	17,527.68
DOT Grant - Beethoven Avenue	5,960.55	-	-	-	5,960.55
DOT Grant - North Prospect Street	100,000.00	-	100,000.00	-	-
Clean Communities Program	12,943.00	15,772.10	9,015.94	1,165.10	20,864.26
Small Cities Grant	198.02	-	-	-	198.02
Sustainable Jersey	0.60	-	-	-	0.60
Green Communities Grant	-	3,000.00	3,000.00	-	-
Highlands Council - Initial Assessment Grant	-	12,000.00	-	-	12,000.00
Community Stewardship Incentive Program					
Reforestation - Tree Planting	2,702.00	-	-	-	2,702.00
Hazardous Discharge Site Remediation Fund	-	171,375.65	1,440.20	-	169,935.45
Risk Control Grant	2,512.15	2,556.92	3,056.92	-	2,012.15
	<u>150,247.60</u>	<u>234,928.86</u>	<u>140,241.94</u>	<u>1,165.10</u>	<u>246,099.62</u>
	A			A-24	A

	<u>Ref.</u>		
Budget Appropriations Grants	A-3	229,928.86	-
Cash Disbursements	A-4	-	59,857.38
Interfund - Current Fund	A-20	5,000.00	-
Reserve for Encumbrances	A-24	-	80,384.56
		<u>234,928.86</u>	<u>140,241.94</u>

Borough of Washington, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2019

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<u>Grant</u>	<u>Balance Dec. 31, 2018</u>	<u>Transfer To Appropriated Reserves</u>	<u>Cash Received</u>	<u>Balance Dec. 31, 2019</u>
Recycling Tonnage Grant	-	-	4,298.57	4,298.57
Municipal Alliance - Local Share	2,215.00	4,430.00	2,215.00	-
	<u>2,215.00</u>	<u>4,430.00</u>	<u>6,513.57</u>	<u>4,298.57</u>
	A	A-21	A-4	A

Borough of Washington, N.J.
Schedule of Encumbrances Payable
Federal and State Grant Fund
Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	A		5,523.18
Increased by:			
Charged to Appropriated Reserves	A-22		<u>80,384.56</u>
			85,907.74
Decreased by:			
Disbursements	A-4	4,358.08	
Cancelled	A-22	<u>1,165.10</u>	
			<u>5,523.18</u>
Balance - December 31, 2019	A		<u><u>80,384.56</u></u>

Borough of Washington, N.J.
Schedule of Cash - Change Fund
Animal Control Trust Fund
Year Ended December 31, 2019

Balance - December 31, 2018	<u>Ref.</u> B	<u>100.00</u>
Balance - December 31, 2019	B	<u><u>100.00</u></u>

Borough of Washington, N. J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2018	B	<u>11,264.96</u>	<u>1,299,421.41</u>
Increased by Receipts:			
Dog License Fees - Borough	B-3	6,825.00	-
Cat License Fees - Borough	B-3	1,210.00	-
Dog Late Fees	B-3	240.00	-
Interfund - General Capital	B-6	-	190,000.00
Interfund - Current Fund	B-5; B-7	3,333.36	5,290.19
Dog License Fees - State Share	B-9	780.00	-
Other Trust Funds	B-10	-	3,102,605.01
Total Receipts		<u>12,388.36</u>	<u>3,297,895.20</u>
		<u>23,653.32</u>	<u>4,597,316.61</u>
Decreased by Disbursements:			
Encumbrances Payable			
Animal Control	B-4	5,456.08	-
Trust Funds	B-8	-	24,675.37
Reserve for Animal Control Trust			
Fund Expenditures	B-3	8,566.07	-
State Share - Dog Licenses	B-9	775.80	-
Other Trust Funds	B-10	-	3,366,759.08
Total Disbursements		<u>14,797.95</u>	<u>3,391,434.45</u>
Balance - December 31, 2019	B	<u><u>8,855.37</u></u>	<u><u>1,205,882.16</u></u>

Borough of Washington, N. J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	B		5,911.08
Increased by:			
Dog License Fees	B-2	6,825.00	
Cat License Fees	B-2	1,210.00	
Late Fees/Miscellaneous	B-2	240.00	
		<u>8,275.00</u>	<u>14,186.08</u>
Decreased by:			
Reserve for Animal Control Trust Fund Expenditures	B-2	8,566.07	
Encumbrances	B-4	6,069.19	
		<u>14,635.26</u>	
Balance - December 31, 2019	B		<u><u>(449.18)</u></u>

License Fees Collected

<u>Year</u>	
2018	8,193.20
2017	5,340.00
	<u>13,533.20</u>

B-4

Schedule of Animal Control Trust Encumbrances

Trust Funds

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	B		5,456.08
Increased by:			
Encumbrances	B-3	6,069.19	
		<u>11,525.27</u>	
Decreased by:			
Cash Disbursements	B-2	5,456.08	
Balance - December 31, 2019	B		<u><u>6,069.19</u></u>

Borough of Washington, N. J.

Schedule of Interfund Receivable (Payable) - Current Fund

Animal Trust Fund

Year Ended December 31, 2019

	<u>Increased</u>	Due (to)/ from Balance <u>Dec. 31, 2019</u>
Animal Trust Fund	3,333.36	(3,333.36)
	<u>B-2</u>	<u>B</u>

Borough of Washington, N. J.

Schedule of Interfund Receivable (Payable) - General Capital Fund

Trust Fund

Year Ended December 31, 2019

	<u>Increased</u>	Due (to) / from Balance <u>Dec. 31, 2019</u>
Other Trust Fund	190,000.00	(190,000.00)
	<u>B-2</u>	<u>B</u>

Borough of Washington, N. J.

Schedule of Interfund Receivable (Payable) - Current Fund

Trust Fund

Year Ended December 31, 2019

	Due (to) / from Balance			Due (to) / from Balance
	<u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2019</u>
Other Trust Fund	<u>4,082.41</u>	<u>5,290.19</u>	<u>3,641.17</u>	<u>2,433.39</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-2	5,290.19	-	
Various Reserves	B-10	-	3,641.17	
		<u>5,290.19</u>	<u>3,641.17</u>	

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Schedule of Encumbrances Payable

Trust Fund

Year Ended December 31, 2019

Balance - December 31, 2018	<u>Ref.</u> B	24,675.37
Increased by:		
Charges to Reserves	B-10	<u>8,884.42</u>
		33,559.79
Decreased by:		
Cash Disbursements	B-2	<u>24,675.37</u>
Balance - December 31, 2019	B	<u>8,884.42</u>

Borough of Washington, N. J.

Schedule of Due From / To State Department of Health

Trust Funds

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018		
Due From State of New Jersey	B	2.20
Increased by:		
Disbursements	B-2	775.80
		<u>778.00</u>
Decreased by:		
State Fees Collected	B-2	780.00
		<u>780.00</u>
Balance - December 31, 2019		
Due To State of New Jersey	B	<u><u>2.00</u></u>

Borough of Washington, N. J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2019

	Balance <u>Dec. 31, 2018</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2019</u>
Reserve for:				
Escrow Deposits	638,649.61	126,548.71	537,765.30	227,433.02
POAA	2,345.78	136.00	-	2,481.78
Recreation	46,313.02	177,127.91	189,599.58	33,841.35
Tax Sale Premiums	200,900.00	-	85,400.00	115,500.00
Public Defender	391.50	800.00	-	1,191.50
Fire Safety Bureau Trust	10,145.29	1,100.00	2,615.78	8,629.51
C.O.A.H.	43,638.26	444,382.80	73,654.26	414,366.80
Unemployment	82,464.69	7,223.42	7,345.18	82,342.93
Payroll	12,964.38	2,206,558.31	2,206,912.01	12,610.68
Comcast	227.66	-	-	227.66
WBFD Dedicated Penalty Trust	967.00	3,115.78	1,783.37	2,299.41
Snow Removal/Storm Recovery	35.60	59,096.57	59,049.99	82.18
Senior Activity	1,369.78	3,029.00	2,788.13	1,610.65
Outside Liens	18,193.82	3,611.89	2,277.00	19,528.71
Open Space	131,013.93	73,515.79	202,929.90	1,599.82
Street Opening	17,001.00	-	-	17,001.00
Municipal Alliance	3,523.00	-	3,523.00	-
Escrow	53,170.00	-	-	53,170.00
Salary Settlements	15,514.13	-	-	15,514.13
	<u>1,278,828.45</u>	<u>3,106,246.18</u>	<u>3,375,643.50</u>	<u>1,009,431.13</u>
	B			B

	<u>Ref.</u>		
Cash Receipts	B-2	3,102,605.01	
Cash Disbursements	B-2		3,366,759.08
Interfund Current	B-7	3,641.17	
Encumbrances Payable	B-8		8,884.42
		<u>3,106,246.18</u>	<u>3,375,643.50</u>

Borough of Washington, N. J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	C;C-3		389,373.57
Increased by Receipts:			
Capital Fund Balance	C-1	8,257.64	
Capital Improvement Fund	C-8	337,000.00	
Bond Anticipation Notes	C-13	<u>1,749,500.00</u>	
			<u>2,094,757.64</u>
			2,484,131.21
Decreased by Disbursements:			
Reserve for Encumbrances	C-5	536,698.81	
Improvement Authorizations	C-9	<u>529,123.17</u>	
			<u>1,065,821.98</u>
Balance - December 31, 2019	C;C-3		<u><u>1,418,309.23</u></u>

Borough of Washington, N. J.
Analysis of Cash
General Capital Fund
Year Ended December 31, 2019

85

	Balance Dec. 31, 2018	Receipts		Disbursements		Transfers		Balance Dec. 31, 2019
		Budget Appropriation	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	To	(From)	
Fund Balance	37,993.94	-	8,257.64	-	-	5,764.42	-	52,016.00
Capital Improvement Fund	103,548.10	337,000.00	-	-	-	82,503.57	(441,500.00)	81,551.67
Encumbrances Payable	536,698.81	-	-	-	505,342.48	1,458,790.22	-	1,490,146.55
Due From Open Space Fund	-	-	-	-	-	-	(190,000.00)	(190,000.00)
Reserve for Debt Service	9,320.21	-	-	-	-	-	-	9,320.21
Reserve for Generator	1,500.00	-	-	-	-	-	-	1,500.00
<u>Improvement Authorizations</u>								
<u>Ordinance</u>								
07-2007 Various Improvements and Purposes	20,313.93	-	-	-	-	-	(20,313.93)	-
04-2013 Various Improvements and Purposes	10,368.07	-	-	-	-	-	(8,518.07)	1,850.00
02-2014 Various Capital Improvements	16,999.26	-	-	-	-	-	(15,081.64)	1,917.62
04-2015 Purchase of Zero Turn Lawnmower	225.00	-	-	-	-	-	-	225.00
05-2015 Various Improvements and Purposes	1,362.91	-	-	-	-	-	-	1,362.91
08-2017 Various Improvements and Purposes	9,145.32	-	-	-	-	-	(614.13)	8,531.19
10-2018 Improvements to Various Roads	4,511.48	-	1,031,000.00	464,917.98	-	-	(570,593.50)	-
11-2018 Acquisition of a New Fire Pumper Truck	(447,436.42)	-	465,000.00	-	-	-	-	17,563.58
12-2018 Various Improvements and Purposes	84,822.96	-	-	25,919.10	-	-	(58,903.86)	-
06-2019 Acquisition of a New Fire Command Vehicle	-	-	16,000.00	38,000.00	-	22,000.00	-	-
14-2019 Acquisition of a New Street Sweeper	-	-	237,500.00	-	-	12,500.00	(238,622.00)	11,378.00
16-2019 Various Improvements and Purposes	-	-	-	31,642.42	-	265,000.00	(200,000.00)	33,357.58
26-2019 Acquisition of New Dump Trucks	-	-	-	-	-	62,000.00	(434,411.08)	(372,411.08)
27-2019 Purchase of a Mason Dump Truck with Plow	-	-	-	-	-	80,000.00	-	80,000.00
30-2019 Acquisition of Lands	-	-	-	-	-	190,000.00	-	190,000.00
	<u>389,373.57</u>	<u>337,000.00</u>	<u>1,757,757.64</u>	<u>560,479.50</u>	<u>505,342.48</u>	<u>2,178,558.21</u>	<u>(2,178,558.21)</u>	<u>1,418,309.23</u>
	C							C

Borough of Washington, N. J.**Due From Open Space Trust****General Capital Fund****Year Ended December 31, 2019**

	<u>Ref.</u>	
Increased by:		
Improvement Authorization	C-9	<u><u>190,000.00</u></u>
Balance - December 31, 2019	C	<u><u>190,000.00</u></u>

Borough of Washington, N. J.
Schedule of Encumbrances Payable
General Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	C	536,698.81
Increased by:		
Improvement Authorizations	C-9	<u>1,490,146.55</u>
		2,026,845.36
Decreased by:		
Cash Disbursements	C-2	<u>536,698.81</u>
Balance - December 31, 2019	C	<u><u>1,490,146.55</u></u>

Borough of Washington, N. J.
Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	C		5,100,941.43
Decreased by:			
Funded by Budget Appropriation			
Green Acres Loan Payable	C-10	35,480.10	
Serial Bonds Payable	C-12	<u>855,000.00</u>	
			<u>890,480.10</u>
Balance - December 31, 2019	C		<u><u>4,210,461.33</u></u>

Borough of Washington, N. J.
Schedule of Deferred Charges to Future Taxation - Unfunded
General Capital Fund
Year Ended December 31, 2019

Ord. Number	Improvement Description	Balance Dec. 31, 2018	2019 Authorizations	Balance Dec. 31, 2019	Analysis of Balance Dec. 31, 2019		
					Financed by Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
10-2018	Improvements to Various Roads	1,031,000.00	-	1,031,000.00	1,031,000.00	-	-
11-2018	Acquisition of a New Fire Pumper Truck	465,000.00	-	465,000.00	465,000.00	-	-
06-2019	Acquisition of a New Fire Command Vehicle	-	16,000.00	16,000.00	16,000.00	-	-
14-2019	Acquisition of a New Street Sweeper	-	237,500.00	237,500.00	237,500.00	-	-
26-2019	Acquisition of new dump trucks	-	1,238,000.00	1,238,000.00	-	372,411.08	865,588.92
30-2019	Acquisition of Lands	-	648,200.00	648,200.00	-	-	648,200.00
		<u>1,496,000.00</u>	<u>2,139,700.00</u>	<u>3,635,700.00</u>	<u>1,749,500.00</u>	<u>372,411.08</u>	<u>1,513,788.92</u>
		C	C-9	C	C-13		
						<u>Ref.</u>	
					Improvement Authorizations Unfunded	C-9	1,542,730.50
					Less: Unexpended Proceeds of Bonds		
					Anticipations Notes		
					11-2018	17,563.58	
					14-2019	11,378.00	
						<u>28,941.58</u>	
							<u>1,513,788.92</u>

Borough of Washington, N. J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>		
Balance - December 31, 2018	C		103,548.10
Increased by:			
Cash Receipts	C-2	337,000.00	
Improvement Authorizations Canceled	C-9	<u>82,503.57</u>	
			<u>419,503.57</u>
			523,051.67
Decreased by:			
Appropriated to Finance Improvement Authorizations	C-9		<u>441,500.00</u>
Balance - December 31, 2019	C		<u><u>81,551.67</u></u>

Borough of Washington, N. J.
Schedule of Green Acres Trust Loan Payable
General Capital Fund
Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding Dec. 31, 2019</u>		<u>Interest Rate</u>	<u>Balance, Dec. 31, 2018</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Green Acres Loan	10/17/2002	328,750.00	01/17/2019-01/17/2022 07/17/2019-07/17/2022	See Notes	2.00%	78,210.62	18,972.91	59,237.71
Green Acres Loan	03/04/2009	283,200.00	06/30/2019-06/30/2026 12/31/2019-12/31/2026	See Notes	2.00%	<u>141,730.81</u> <u>219,941.43</u>	<u>16,507.19</u> <u>35,480.10</u>	<u>125,223.62</u> <u>184,461.33</u>
						C	C-6	C

Borough of Washington, N. J.**Schedule of Various Reserves****General Capital Fund****Year Ended December 31, 2019**

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Reserve for Debt Service	9,320.21	9,320.21
Reserve for Generator	1,500.00	1,500.00
	<u>10,820.21</u>	<u>10,820.21</u>
	<u>C</u>	<u>C</u>

Borough of Washington, N. J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2019</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement Bonds	04/01/12	2,706,000.00	4/1/2020-22	125,000.00	2.00%	1,696,000.00	125,000.00	1,571,000.00
			4/1/2023-25	250,000.00	2.00-2.40%			
			4/1/2026	225,000.00	2.50%			
			4/1/2027	221,000.00	2.60%			
General Refunding Bonds	08/01/17	3,185,000.00	3/1/2020	825,000.00	4.00%	3,185,000.00	730,000.00	2,455,000.00
			3/1/2021	820,000.00	4.00%			
			3/1/2022	810,000.00	4.00%			
						<u>4,881,000.00</u>	<u>855,000.00</u>	<u>4,026,000.00</u>
						C	C-6	C

Borough of Washington, N. J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2019

<u>Ord. No./Date</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Increased</u>	<u>Balance Dec. 31, 2019</u>
10-2018	Improvements to Various Roads	10/15/19	10/15/19	10/15/20	2.00%	1,031,000.00	1,031,000.00
11-2018	Acquisition of a New Fire Pumper Truck	10/15/19	10/15/19	10/15/20	2.00%	465,000.00	465,000.00
06-2019	Acquisition of a New Fire Command Vehicle	10/15/19	10/15/19	10/15/20	2.00%	16,000.00	16,000.00
14-2019	Acquisition of a New Street Sweeper	10/15/19	10/15/19	10/15/20	2.00%	237,500.00	237,500.00
						<u>1,749,500.00</u>	<u>1,749,500.00</u>
						C-2	C

Borough of Washington, N. J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2019

<u>Ord. Number</u>	<u>Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2018</u>	<u>2019 Authorizations</u>	<u>BAN's Issued</u>	<u>Balance Dec. 31, 2019</u>
10-2018	05/01/18	Improvements to Various Roads	1,031,000.00	-	1,031,000.00	-
11-2018	05/01/18	Acquisition of a New Fire Pumper Truck	465,000.00	-	465,000.00	-
06-2019	04/16/19	Acquisition of a New Fire Command Vehicle	-	16,000.00	16,000.00	-
14-2019	06/18/19	Acquisition of a New Street Sweeper	-	237,500.00	237,500.00	-
26-2019	10/01/19	Acquisition of New Dump Trucks	-	1,238,000.00	-	1,238,000.00
30-2019	12/03/19	Acquisition of Lands	-	648,200.00	-	648,200.00
			<u>1,496,000.00</u>	<u>2,139,700.00</u>	<u>1,749,500.00</u>	<u>1,886,200.00</u>
			Footnote C	C-9	C-13	Footnote C

Borough of Washington, N. J.

Schedule of Cash

Sewer Utility Fund

Year Ended December 31, 2019

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2018	D;D-6	<u>3,766,314.45</u>	<u>160,374.24</u>
Increased by Receipts:			
Reserve Capacity Charges	D-3	12,645.21	-
Industrial/Commercial Permit Fees	D-3	15,681.60	-
Miscellaneous Revenue Not Anticipated	D-3	94,541.20	-
Consumer Accounts/Liens Receivable	D-8	2,380,374.29	-
Sewer Liens	D-9	675.02	-
Reserve for Overpayments	D-17	220.60	-
Capital Improvement Fund	D-18	-	300,000.00
		<u>2,504,137.92</u>	<u>300,000.00</u>
		<u>6,270,452.37</u>	<u>460,374.24</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	2,139,251.90	-
Interfund-Current Fund	D-10	8,589.35	-
Appropriation Reserves	D-13	133,629.62	-
Accrued Interest	D-15	808.07	-
Improvement Authorizations	D-16	-	5,198.40
Encumbrances Payable	D-20	-	42,637.73
		<u>2,282,278.94</u>	<u>47,836.13</u>
Balance - December 31, 2019	D;D-6	<u><u>3,988,173.43</u></u>	<u><u>412,538.11</u></u>

Borough of Washington, N. J.

Analysis of Cash

Sewer Utility Capital Fund

Year Ended December 31, 2019

	Balance Dec. 31, 2018	Receipts Budget Appropriations	Disbursements Improvement Authorizations Miscellaneous		Transfers To (From)		Balance Dec. 31, 2019
Fund Balance	9,706.52	-	-	-	-	-	9,706.52
Capital Improvement Fund	0.22	300,000.00	-	-	-	(300,000.00)	0.22
Reserve for Encumbrances	150,667.50	-	-	42,637.73	-	-	108,029.77
Ord. 15-2019							
<u>Improvement Authorizations</u> Various Sewer Utility Improvements	-	-	5,198.40	-	300,000.00	-	294,801.60
	<u>160,374.24</u>	<u>300,000.00</u>	<u>5,198.40</u>	<u>42,637.73</u>	<u>300,000.00</u>	<u>(300,000.00)</u>	<u>412,538.11</u>
	D;D-5						D;D-5

Borough of Washington, N. J.
Schedule of Change Fund
Sewer Utility Operating Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	<u><u>75.00</u></u>
Balance - December 31, 2019	D	<u><u>75.00</u></u>

Schedule of Consumer Accounts Receivable
Sewer Utility Operating Fund
Year Ended December 31, 2019

	<u>Balance</u> <u>Dec. 31, 2018</u>	<u>Charges</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2019</u>
Consumer Accounts Receivable	<u>305,911.35</u>	<u>2,323,569.87</u>	<u>2,394,124.74</u>	<u>235,356.48</u>
	D			D
		<u>Ref.</u>		
Rents Received		D-5	2,380,374.29	
Transfer to Lien		D-9	5,161.10	
			<u><u>2,394,124.74</u></u>	

Borough of Washington, N. J.

Schedule of Sewer Liens

Sewer Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	32,127.12
Increased by:		
Consumer Accounts Receivable	D-8	5,161.10
Interest and Costs		<u>178.16</u>
		<u>5,339.26</u>
		37,466.38
Decreased by:		
Cash Receipts	D-3;D-5	<u>675.02</u>
Balance - December 31, 2019	D	<u><u>37,466.38</u></u>

Schedule of Due (To)/From - Current Fund

Sewer Utility Operating Fund

Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	(823.06)
Decreased by:		
Cash Disbursements	D-5	<u>8,589.35</u>
Balance - December 31, 2019	D	<u><u>7,766.29</u></u>

Borough of Washington, N. J.

Schedule of Fixed Capital

Sewer Utility Capital Fund

Year Ended December 31, 2019

<u>Description</u>	<u>Balance Dec. 31, 2018</u>	<u>Balance Dec. 31, 2019</u>
Wastewater Treatment Plant	18,140,614.71	18,140,614.71
Equipment	24,750.00	24,750.00
	<u>18,165,364.71</u>	<u>18,165,364.71</u>
	D	D

Borough of Washington, N. J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2019

Ordinance Number	Improvement Description	Ordinance		Improvement Authorizations Deferred Reserve for Amortization	Balance, Dec. 31, 2019
		Date	Amount		
15-2019	Various Sewer Improvements	6/18/2019	300,000.00	300,000.00	300,000.00
20-2019	Improvements to the Sanitary Sewer System	9/3/2019	400,000.00	400,000.00	400,000.00
				<u>700,000.00</u>	<u>700,000.00</u>
				D-16	D

Borough of Washington, N. J.
Schedule of Appropriation Reserves
Sewer Utility Operating Fund
Year Ended December 31, 2019

	Balance, Dec. 31, <u>2018</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	23,552.34	23,552.34	-	23,552.34
Other Expenses	342,896.22	342,896.22	333,510.34	9,385.88
Statutory Expenditures:				
Social Security System (O.A.S.I.)	4,119.63	4,119.63	3,405.05	714.58
	<u>370,568.19</u>	<u>370,568.19</u>	<u>336,915.39</u>	<u>33,652.80</u>
				D-1
	<u>Ref.</u>			
<u>Analysis of Appropriation Reserve</u>				
Unencumbered	D	209,383.75		
Encumbered	D	161,184.44		
		<u>370,568.19</u>		
<u>Analysis of Paid or Charged</u>				
Cash Disbursed	D-5		133,629.62	
Accounts Payable	D-14		203,285.77	
			<u>336,915.39</u>	

Borough of Washington, N. J.
Schedule of Accounts Payable
Sewer Utility Operating Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	22,212.50
Increased by:		
Charges to Appropriation Reserves	D-13	<u>203,285.77</u>
Balance - December 31, 2019	D	<u><u>225,498.27</u></u>

Borough of Washington, N. J.
Schedule of Accrued Interest
Sewer Utility Operating Fund
Year Ended December 31, 2019

	<u>Ref.</u>	<u>Totals</u>	<u>Loans</u>
Balance - December 31, 2018	D	44,928.30	44,928.30
Increased by:			
Budget Appropriations	D-4	4,844.61	4,844.61
Decreased by:			
Disbursements	D-5	808.07	808.07
Balance - December 31, 2019	D	48,964.84	48,964.84

	<u>Principal Outstanding December 31, 2019</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period in Days</u>	<u>Required Amount</u>	<u>Excess/ (Deficit)</u>	<u>Actual Amount</u>
<u>U.S.D.A. Rural Development Loan:</u>	175,000.00	5.000%	10/15/19	12/31/19	77	1,871.53	47,093.31	48,964.84

Borough of Washington, N. J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2019

ORD. No.	Improvement Description	Ordinance		2019 Authorizations	Paid or Charged	Balance Dec. 31, 2019	
		Date	Amount			Funded	Unfunded
15-2019	Various Sewer Improvements	06/18/19	300,000.00	300,000.00	5,198.40	294,801.60	-
20-2019	Improvements to the Sanitary Sewer System	09/03/19	400,000.00	400,000.00	-	-	400,000.00
				<u>700,000.00</u>	<u>5,198.40</u>	<u>294,801.60</u>	<u>400,000.00</u>
				D-12	D-5	D	D
				<u>Ref.</u>			
	Capital Improvement Fund			D-21	300,000.00		
	Bonds and Notes Authorized but not Issued			D-23	400,000.00		
					<u>400,000.00</u>		

Borough of Washington, N. J.**Schedule of Reserves****Sewer Utility Operating Fund****Year Ended December 31, 2019**

<u>Description</u>	Balance <u>Dec. 31,2018</u>	<u>Increased</u>	Balance <u>Dec. 31,2019</u>
Overpaid Sewer Charges	<u>12,617.22</u>	<u>220.60</u>	<u>12,837.82</u>
	D	D-5	D

Borough of Washington, N. J.
Schedule of Capital Improvement Fund
Sewer Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	0.22
Increased by:		
Improvement Authorizations Cancelled		
Budget Appropriation	D-5	300,000.00
		<u>300,000.22</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	D-21	300,000.00
		<u>300,000.00</u>
Balance - December 31, 2019	D	<u><u>0.22</u></u>

D-19

Schedule of Reserve for Amortization
Sewer Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	17,808,893.34
Increased by:		
USDA Rural Development Loan		
by Operating Budget	D-22	98,725.39
		<u>98,725.39</u>
Balance - December 31, 2019	D	<u><u>17,907,618.73</u></u>

D-20

Schedule of Encumbrances Payable
Sewer Utility Capital Fund
Year Ended December 31, 2019

	<u>Ref.</u>	
Balance - December 31, 2018	D	150,667.50
Decreased by:		
Cash Disbursements	D-5	42,637.73
		<u>42,637.73</u>
Balance - December 31, 2019	D	<u><u>108,029.77</u></u>

Borough of Washington, N. J.

Schedule of Deferred Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Fixed Capital Authorized</u>	<u>Balance, Dec. 31, 2019</u>
15-2019	Various Sewer Improvements	6/18/2019	300,000.00	300,000.00
			<u>300,000.00</u>	<u>300,000.00</u>
			D-18; D-16	D

Borough of Washington, N. J.
Schedule of Wastewater Loans Payable
Sewer Utility Capital Fund
Year Ended December 31, 2019

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2018</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2019</u>
			<u>Date</u>	<u>Amount</u>				
Trust Loan - Project #S340706-05	10/15/02	790,000.00	2020	55,000.00	5.00%	230,000.00	55,000.00	175,000.00
			2021	60,000.00	5.00%			
			2022	60,000.00	4.75%			
Fund Loan - Project #S340706-05	10/15/02	835,741.00	2020	41,913.11	0.00%	126,471.37	43,725.39	82,745.98
			2021	40,832.87	0.00%			
						<u>356,471.37</u>	<u>98,725.39</u>	<u>257,745.98</u>
						D	D-19	D

Borough of Washington, N. J.

Schedule of Bonds and Notes Authorized But Not Issued

Sewer Utility Capital Fund

Year Ended December 31, 2019

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Authorized</u>	<u>Balance, Dec. 31,2019</u>
06-97	Improvements to Wastewater Treatment Plant	<u>400,000.00</u> D-16	<u>400,000.00</u> Footnote D

BOROUGH OF WASHINGTON

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PART II

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2019



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Honorable Mayor and
Members of the Borough Council
Borough of Washington
Washington, New Jersey 07882

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Washington in the County of Warren as of and for the year ended December 31, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2020, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Washington's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Washington's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Washington's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Honorable Mayor and
Members of the Borough Council
Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We did identify certain immaterial deficiencies in internal control that we have reported to management of the Borough of Washington in the accompanying comments and recommendations section of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Washington's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Washington in the accompanying comments and recommendations section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Washington internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Washington's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Wielkottz & Company, LLC

Wielkottz & Company, LLC
Certified Public Accountants

Newton, New Jersey
September 21, 2020

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2019, and at September 21, 2020, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 40A:11-3 states:

- a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

GENERAL COMMENTS (CONTINUED)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (continued)

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00.

The Governing Body of the Borough of Washington have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicated the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. None were noted.

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The Borough is a member of a Cooperative Pricing Council organized in the surrounding area.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would be delinquent.

The Governing Body on January 8, 2019 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

RESOLUTION OF THE BOROUGH OF WASHINGTON, COUNTY OF WARREN, STATE OF NEW JERSEY, FIXING THE RATE OF INTEREST TO BE CHARGED ON DELINQUENT TAXES OF ASSESSMENTS

"WHEREAS, taxes are payable in quarterly installments on February 1st, May 1st, August 1st and November 1st in each year, and installments become delinquent if not paid on or before those dates".

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

“BE IT THEREFORE RESOLVED, that Council does hereby authorize an interest charge not to exceed eight (8%) percent per annum on the first \$1,500.00 of the delinquency and eighteen (18%) percent per annum on any amount in excess of \$1,500.00 upon all delinquent installments; and

BE IT ALSO RESOLVED, that Council does hereby authorize a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. That penalty so fixed shall not exceed six (6%) percent of the amount of the delinquency.

BE IT FURTHER RESOLVED, that any installments received after the expiration of the grace period, and such grace period shall be the period starting with the second day and ending on the ten (10th) day of the month in which taxes are due, shall bear interest at the applicable interest rate from the original due date.

BE IT FURTHER RESOLVED, that the Tax Collector of the Borough of Washington is hereby authorized to conduct the annual sale of delinquent taxes for the Calendar Year 2019.

It appears from an examination of the Collector's records, that interest was collected in accordance with the forgoing resolution.

As part of the audit, an agreement between the Borough and Phillipsburg National Bank, dated October 12, 1992, effective January 1, 1993, established the Bank as the official Tax Receiving Agency, was reviewed. However, the statutes read that the Tax Receiving Agency can only accept current year tax payments. Therefore, the agreement between the bank and Borough was reviewed, and accepted by the Division of Local Government Services for their approval on February 4, 1993.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 6, 2019 and was complete, except for properties in bankruptcy court.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2019	9
2018	11
2017	11

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and Other Charges

The result of the test, which was made as of December 31, 2019 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

OTHER COMMENTS

Municipal Court

1. There were 67 tickets assigned but not issued as of December 31, 2019.

Management response:

Tickets assigned but not issued at year end will be recalled or reissued.

RECOMMENDATIONS

1. That tickets assigned but not issued at year end be recalled or reissued.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all.

* * * * *

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing the recommendations, please do not hesitate to call us.

Very truly yours,



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497

Wielkotz & Company, LLC

Wielkotz & Company, LLC
Certified Public Accountants